No.30,757

Tuesday January 31 1989

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World News

Judge lets Reagan subpoena stand

The judge in the Iran-Contra court case ruled that US President George Bush will not have to testify at the trial of former White House side Oli-ver North in the Iran-Conica ase. Judge Gerbard Gesell refused to overturn the defence subpoens issued to President Ronald Reagan. Background,

Shia peace accord Leaders of Lebanon's Amai and Hezboilah Shia militas signed a peace agreement end-ing more than a year's fight-

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Black party leader The final challenger in the race for the chairmanship of the US Democratic party howed out, clearing the way for Washington lawyer Ronald Brown to become the first black to lead a US political party.

Kabul siege goes on The leader of one of Afghanistan's Moslem rebel groups said guerrilla forces would con-tinue their siege tactics after the state of the s the Soviet troop withdrawal from Kabul, in order to avoid a civilian bloodbath. Chaos deepens, Page 6

'Civil war' fear

Yugoslav Communist Party president Stipe Suvar told the party Central Committee of fears that the country could face a "fratricidal war" if nationalist rivairies were not overcome. Page 18

Homeland hostilities The South African homeland of Ciskei warned of the imminent outbreak of war with the rival, nominally independent

Solidarity priest dies A radical pro-Solidarity priest. was found dead in the northastern Polish city of Bialysthe second dissident priest to die in Poland in the past 10 days. Reform plans, Page 2 The second of th

> Zaire row goes on Belgium threatened to call off a proposed ministerial summit with Zaire, unless the African Government ceased widening the breach between the two

> US Secretary of State James Baker called for immediate steps to counter an apparent warming in the earth's environment, including a reduction

Hungary cuts army Hungary became the latest Warsaw Pact country to announced arms reductions, with a planned 9 per cent cut in army numbers and other economies in 1989-90. Page 2

in aerosol spray emissions.

Canadian reshuffle Canadian Prime Minister Brian Mulraney appointed new min-isters for energy, defence and the Treasury Board in a cabi-net reshuffle. Page 3

'Gas man' held

italian police arrested the head of a Swiss comment manan police arrested the head of a Swiss company wanted in the US for the alleged illegal export to Jordan of a substance used to produce poison gas.

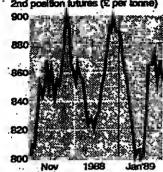
11 die in SA blaze and nine injured in a fire at a synthetic fuel plant, 100km east of Johannesburg, S Africa.

Leading UK accountants open office in Moscow

KRNST & Whinney has become the first Western accoun firm to set up shop in Moscow since the Bolshevik revolution in 1917. New joint venture with Vneshconsult, a Soviet management consultancy, opened its doors last week. Page 18

at £853 (\$1,501) a tonne, down £16, weakened by profit-taking and lack of physical buying.

Cocoa



Failure of International Cocoa Organisation talks last week had liftle impact on market, dealers said. Cocoa talks collapse, Page 30 . . .

EUROPEAN Commission Capacity use last year reached the highest level since 1974, with output equivalent to 77 per cent of installed capacity. Steel industry employment fell by 5.5 per cent during the year. Page 18

NATIONALE-Nederlanden. higgest Dutch insurance com-pany, is buying Southland Life from American Brands, US tobacco and consumer products group. Page 19

eminment concern is your sheed with meeting of warrant holders — called in connection with plans to merge its packag-ing business with Carnaud of France — despite possibility that Elders Investments will block proposals being put to investors. Page 19

ULTRAMAR, UK oil group, said it was target of possible takeover bid by consortium being put together by Noverco and Unigesco, Canadian-based companies, and Banque Pari-bas. Page 19

POLAROID, beleaguered US photographic company which has been fighting off \$2.5hn takeover bid from Shamrock Partners, announced \$1.1bn share reourchase programme and \$300m white knight invest-ment from a New York fund

TEXACO, third-largest US oil company, saw its stock tumble sharply as disappointed take-over speculators dumped several million of the company's shares on the market. Page

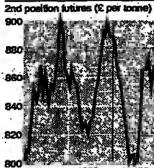
SINGER sewing machine's name will pass to Hong Kong businessmen under US\$220m deal in which SSMC of the US is taken over by Semi-Tech Microelectronics (Far East), computer and trading com-

ALAN Bond's Australian Bond Corporation said it had no intention of raising its buy-out offer for minority stake in its Hong Kong subsidiary, despite HK\$3.6bm (US\$462m) rival bid by HKR Properties. Page 23

DOW Chamical, second-rank-ing US chemicals group, made record quarterly earnings in the three months to December. They rose 80 per cent to \$635m.

S&P Comp

COCOA prices drifted lower in London. May contract closed



MB Group, UK packaging, printing and central beating equipment concern, is going.

management group. Page 21

STOCK BIDICES

New York close Dow Jones Ind. Av. 2,324.11 (+1.25)

\$17.575 (-0.20) (March)

West Berlin shocked by right-wing election success

WEST BERLIN was shocked and angered yesterday after the election of an ultra-nationalist party, the Republicans, to the city legislature for the first time since 1945.

A 7.5 per cent protest vote for the Republicans meant that two of their members would also become the first right wing extremists to be repre-sented in the West German Bundestag (parliament) since the 1950s.

Chancellor Helmut Kohl said the result was a "clear warning

signal for all of us." Speaking in Bonn after a meeting of his Christian Democratic party, he warned that West Germany's international reputation would

Young demonstrators carry-ing signs recalling Adolf Hitler's takeover in Berlin on January 30 1933, protested in the centre of the city against the centre of the city against the far-right party.

The badly mauled Christian Democrats (CDU) — still tech-nically West Berlin's largest party — was left asking itself what went wrong. The CDU's landslide loss of nearly 9 per cent in Sunday's election accounted for most of the wors.

accounted for most of the votes gained by the Republicans. gamed by the Republicans.

A bitter debate erupted in the CDU on the causes of the debate. The Party's right wing Bavarian affiliate, the CSU, and its supporters in Berlin blamed the liberal reception accorded to Third World asy-But Mr Heiner Geissler, the CDU's Secretary General, replied that "xenophobia"

replied that "xenophobia" could not be the answer to the Republicans. "A country which lives from foreign trade," Mr Geissler warned, "cannot become hostile to foreigners."

Mr Geissler urged a "grand coalition" between the CDU in Berlin and the Social Democrats (SPD) who made a gain of 4.9 per cent. The SPD, with 37.33 per cent of the ballots, was nearly level with the CDU which had fallen to 37.75 per cent.

It was now up to the bruised

Opec – might use the stake to infinence the world oil market. Britain discreetly warned Kuwait of its concern about

the purchases of BP shares.
The KIO is thought to manage much of Kuwait's \$100bn of

investment reserves. Its recent purchases in Spain and the BP affair have aroused nationalis-

tic feelings in Europe and some

Knwaitis are worried that Sheikh Ali's forthright approach will cause political damage and eventually limit Kuwait's freedom to invest to

Christian Democrats to forge a coalition with the SPD, although Mr Eberhard Diepgen, the CDU Governing Mayor, said he was not "gined" to his post. His previous coalition partner, the liberal Free Democrats (FDP), was ignominiously wheel out of the legislature by failing to surmount the 5 per cent vote hurdle.

the 5 per cent vote hurdle.

The SPD stood to gain nothing in such a coalition while the only real alternative, a coalition with West Berlin's Alternative List (AL) – the city's Greens party – was ruled out by Mr Walter Momper, the SDP leader, who noted after the election the AL was not "capable" of governing.



Kuwait will retain investment policy despite furore over BP

day. The FT Ordinary Share 111.87 lower at 21,567.50. Index was 27.5 up at 1,666.4. Hong Kong, on the other hand,

KUWAIT will not be deterred by the recent uproar over its purchase of a large stake in British Petroleum from taking similar investment opportunities in the future, according to Sheikh Ali Khalifa al-Sabah, the Oil Minister and board member of the Kuwait Investment Authority.
"We will break the rules that

are not published. We will ... act completely above board, said Sheikh Ali. The only rules we know are the rules that are published and passed by the appropriate authorities." "BP [was] a special situation because of the flotation and if a chance of a repetition occurs

we will do it, unless there is specifically a law to prevent us from doing it," Sheikh Ali said in an interview with the Finan-He said Kuwait did not seek political controversy but would not try to avoid it if a good

SHARE PRICES climbed further on the London stock market yesterday as the most powerful rally since before the October 1987 crash continued

into its third week.

Analysts agreed that the market had reached a new

investment opportunity arose. As for BP, Kuwait would not have let its stake go without a profit for the Kuwait Invest-

ment Office (KIO).

Kuwaiti officials had been outraged by the British order last year that Kuwait cut its holding in BP to 9.9 per cent from 21.7 per cent, although they were mollified by a subsequent buyback arrangement which will leave Kuwait with a ome profit and cost BP £2.4bn (\$4bn).
The Knwait Investment

Office in London - officially an arm of the Kuwait Investment Authority - mopped up the BP shares when the British Government decided to go ahead with the sale of its 31.5 per cent stake in BP despite the 1987 stock market crash. Kuwait maintains that it bought the BP shares as an investment. But there were

fears in Britain that Kuwait

- a major oil producer and

These main market baromet-ers fell from their day's highs after trading on Wall Street

began. US investors moved to

realise profits after last week's strong rise in stare prices. The Dow Jones Industrial Average closed just 1.25 higher at

There were mixed performances in other international equity markets. Japanese shares lost ground anid concern about the dollar's

London sustains equities rally

the best advantage. In Britain the KIO has the status of a sovereign body its UK invest-ments are exempt from tax. Sheikh Ali is also chairman of the Kuwait Petroleum Corporation. He reaffirmed that Knwait would continue to strengthen its international downstream oil marketing interests, already known to

consumers in Europe through

continued its upward surge,

with the Hang Seng index breaching 3,000 for the first

time since before the 1987

crash to close up 79.50 at 3,036.45 in very heavy turn-

appeared neglected as most of the action focused on London

and Wall Street. There was

heavy selling in selected London Stock Exchange,

bonrses

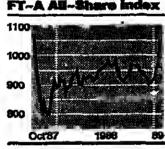
Continental

He said the group would try to consolidate in Europe, expanding in some markets and perhaps quitting others if there was no chance of building up a viable market share. "One way or another we will be going to the Far East," he said. "it's more difficult to break into that market but we will do it if we consolidate in will do it. If we consolidate in Europe and establish in the Far East we might even con-sider the US, but that is a bit

too far shead." Looking at the oil market as a whole, Sheikh Ali said con-sumption had been rising fas-ter than predicted in recent years, while low investment meant that Opec had less surplus production capacity than often supposed, even if capac-ity was now being increased. He said he expected oil

prices to rise to about \$18 a barrel this year or next and remain at that level for three or four years.





FTSE 100 Index

January 1989

These Notes baring been sold, this good

Though often in disagree-

Gorbachev will visit UK and West Germany

By Robert Mauthner, Diplomatic Correspondent, in London and David Marsh in Bonn

MR Mikhail Gorbachev, the Soviet leader, will resume his search for international support of his domestic political and economic reforms and global disarmament proposals by undertaking separate trips

to West Germany and Britain over the next few months. Announcements were made about Mr Gorbachev's diplo-matic drive in Bonn and London yesterday, following a pro-longed period in which he was preoccupied with domestic con-cerns such as the Armenian earthquake and the implemen-

tation of his reforms.

The Soviet leader's first visit will be to Britain for wideranging talks on the international situation and bilateral relations with Mrs Margaret Thatcher, the Prime Minister. Mr Gorbachev has always appeared to consider Mrs Thatcher as an important intermediary in his dialogue with the US, because of her close personal relationship with President Ronald Reagan. The Soviet-leader will, no doubt, be interested to find out whether Mrs Thatcher can establish a similar rapport

with Mr George Bush, the new The British talks will be held during a three-day official visit which the Soviet leader, accompanied by his wife Raisa, is due to pay to from April 5 to 7. It was originally scheduled for last December, after Mr Gorbachev's talks with former President Ronald Reagan in

ment, the two leaders have struck up a warm, if prickly, personal relationship, appearing to revel in each other's outspoken manner. It was Mrs
Thatcher who remarked that
she could "do business" with
Mr Gorbachev, the first of the
Western leaders to express
such a favourable opinion of someone who, subsequently, has constantly taken the world by surprise with his bold initia-

Arms control is expected to be high on the agenda of the London talks, which will take place only one month after the opening of the new conven-tional force reduction talks in Vienna. Mrs Thatcher is also expected to urge the Soviet leader to incorporate the human rights principles adopted by the 38-nation Con-ference on Security and Co-op-eration in Europe (CSCE) in Vicana earlier this month in

the Soviet legal system as quickly as possible. Mr Gorbachev is also expec-ted to meet business leaders in the City of London and members of the Opposition Labour

Announcing the date of Mr Gorbachev's long-awaited trip
to West Germany, Mr Friedhelm Ost, the Bonn government spokesman, said the
Soviet leader would be coming
to "consolidate" the state of
good neighbourly relations.
Mr Gorbachev, who will be
returning the visit made by
Chancellor Helmnt Kohl to

Scholz on nuclear update, balance of forces, Page 2 Continued on Page 18

market had reached a new trading level, well above those of last year when it was mostly in the doldrums. By the end of trading, however, there were signs that the surge was losing steam. At the close in London, the FT-SE 100 Share Index was 37 points up at 2,042.9, having been 66.8 higher earlier in the Page 31; World Stock Markets, Page 42 Continued on Page 18 strength against the yen, and the Nikkai average closed GT Management expected to link with Liechtenstein bank

By Nikki Tait in London

GT MANAGEMENT, the UK fund management group which has long been the subject of has long been the subject of takeover speculation, yester-day moved back into the bid spotlight, with Bank in Lie-chtenstein, the bank controlled by the Liechtenstein royal fam-ily, the favourite rumoured soitor.

GT shares were suspended at Gr snares were suspensed at 1789 when the stock market opened, pending an announce-ment. Early in the day, GT appeared hopeful that details could be released by late after-noon, but lawyers were still drafting final documents in the evening. A statement is expec-ted today.

Last night, strong specula-tion suggested that a link-up with Bank in Liechtenstein is in view. Although some ana-lysts were mooting the possi-bility of a strategic stake being taken in return for certain funds under management being passed to GT, the scheme seemed more likely to involve

a full offer. At yesterday's suspension price, GT is capitalised at just The full impact of the depressed stockmarket levels

became evident in GT's interim became evident in GT's interim figures, for the six months to end-September, which were released in November. Pre-tax profits dropped to just £2.7m, compared with £8.5m in the same period a year earlier. Analysis predict about £5.5m for the full year compared with £12.77m in 1987-88.

GT, which takes its name from its two founders, Mr Tom Griffen and Mr Richard Thorn-

Griffen and Mr Richard Thorn-ton, came to the stockmarket ton, came to the stockmarket in 1988 with a price tag of 2101.5m. At end-September, its funds under management were around £3,25m — putting it into the "medium-sized" league of UK fund management groups. Aside from the industry-wide problems, GT has also seen a number of senior management changes presently.

The Bank in Liechtenstein the Bank in Liectnessein, the parent company of the BIL group, is one of the Principality's three banks and is controlled by the Prince of Liechtenstein Foundation.

Last year its consolidated controlled by the Prince of Liechtenstein Foundation.

assets rose to SwFr6.4bn (\$4bn) with net profits up 3.1 per cent to SwFr41.4m. While commission earnings were rather below 1987 levels, the bank recorded a 7.8 per cent rise in interest income and an advance of 34 per cent in secu-

The board is to propose payment of an unchanged 12 per cent dividend, after which capitai resources will total SwFr590.5m.

SwF1590.5m.
The BUL is already present in
London with its subsidiary
Bank in Liechtenstein (UK).
Anart from its Vaduz head-Apart from its Vaduz head-quarters, it also has operations in Switzerland, West Germany, the US, the Cayman Islands and Hong Kong. Lex, Page 18

CONTENTS

The buck stops with Reagan's hero at the Iran-Contra trial



Ofiver North (left), the White House alde at the centre of the tran-Contra scandal, goes on trial today in Wash-ington. Lionei Barber explains why the pro-ceedings will probably be an anticlimax Page 16

Agriculture ----World Guide . 19,21

World Economic Forum Global outlook hedged in 'ifs' and 'maybes' World Trades Taiwan bicycles spin adversity

Theiland: Shining as one of East Asia's brightest economies Jacobs Machine tools keep their edge with The politics of land use Britains First of a series on options for the

Budget Lex: Markets; Ultramar; Fund managers; MB/ Carnaud Financial Futures 38 Raw Materials Gold 30
International bonds 24,25
Intl. Capital Markets 24,25
Letters 17
Lex 18 39-42 -Wall Street -London ____ 29 ___ 32-36 Unit Trusts

New York, but was postponed because of the Armenian earth-



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January, 1989

MARKETS

Hang Seng Index

INTEREST RATES | Section | Sec New York Intest

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294.98 (+1.16) London: FT-SE 100 2,042.9 (+37.0) World: 144.13 (Fri) Tokyo Niikkei Ave 31.567.50 (-111.57) Commerzbank 1,677.6 (-8.8) Brent 15-day (Argus). \$16.75 (-0.425) (Feb) West Tex Crude

EUROPEAN NEWS

Gibraltar garrison may be cut by 650

By David White, Defence Correspondent, in London

THE UK's troop reduction in Gibraltar will probably involve about 650 infantry personnel, leaving between 1,000 and 1,200 British servicemen in the col-ony from early 1991 onwards. Mr George Younger, the British Defence Secretary, con-firmed the planned withdrawal in a House of Commons reply yesterday. He said the plan would involve "in due course all or a major part of the infar-try battalion" stationed in the

try battalion" stationed in the British colony hat gave no details, emphasising that the plan was subject to the outcome of detailed studies.

The proposals are due to be discussed with the Gibraltar Government, which will seek compensation for the loss of business from the servicement. business from the servicemen and their families. This is esti-mated by officials at between £10m (\$17.6m) and £15m per

year.

Land and buildings currently used by the army and released as a result of the withdrawal are to pass under the control of the Gibraltar authorities and will not be directly privatised, officials said. This policy appears to be aimed at placating Gibraltar public opinion, worried at the prospect of pur-chases by Spanish citizens and gradual economic absorption of the colony. The Ministry of Defence owns about half the land in Gibraltar. The 3rd Battalion The Royal Green Jackets is due to take over in Gibraltar this spring from the Royal Anglians, and is unlikely to replaced when it completes its two-year tour. Officials said it would be "convenient" for the army to redeploy a whole battalion. The figure of about 650 is equivalent to the basic "establishment" of a battalion, but a Gibraltar battalion, including additional personnel such as bandsmen, usually numbers

about 750.

Some army units would be maintained on the colony as well as the Royal Navy and Royal Marines - about 600 in total - and the Royal Air Force, which has about 400 personnel. The total British military presence now stands at about 1,800, including some 780 army personnel. about 750.

army personnel.

Officials indicated that symbols of the British presence, such as the changing of the guard ceremony, would be maintained.

They said the decision to withdraw troops had been made on purely military grounds, since the army battalion did not appear to be playing a worthwhile role and could be used more effectively

elsewhere.
The Ministry of Defence spends £30m a year on main-taining forces in Gibraltar.

Scholz ducks issue of nuclear update

By David White, Defence Correspondent

West German Defence Minister, yesterday evaded the issue of his government's support for modernising Nato short-range nuclear weapons, following pressure from Mr John Tower, the US Defence Secretary des-ignate, for it to make an early

However, Mr George Younger, the UK Defence Secretary, said after talks with Mr Scholz he was confident that a decision could be reached during the first half of this year. At a news conference, Mr Scholz said modernisation had to be decided within the context of Nato's so-called comprehensive concept for arms control, which he hoped would be approved at a forthcoming alliance summit in London. The West Correction in operations. He emphasised that there were slightly more low flights in the UK than in West Germany, including by the US air-force. West German position had not yet been defined in detail.

The two ministers meanreducing the impact of low-fly-ing military training on the

MR RUPERT SCHOLZ, the West German Defence Minister, yesterday evaded the issue hoped for a package of measures to reduce the amount of Nato low-flying and spread it over more areas. But he emphasised that such training was an essential military

requirement.

"Anyone who says it can be done away with altogether is grossly mistaken."

Mr Younger said Britain was

prepared to look into ways of conducting minimum training with less disturbance to tha public, but warned that this might not mean a substantial

The two countries also agreed to step up their military links, with West German army while agreed to study ways of units due to come to the UK for training from this year, and with other training exchanges.

Sweden urged to seek **EC** membership soon

By Robert Taylor in Stockholm

SWEDEN ought to declare soon that it intends to seek membership of the European Community, according to a wide-ranging study on the future of the country's economy into the 1990s.

The study was published yesterday by the Centre for Business and Policy Studies in Stockholm. The organisation is important and influential as a broadly-based focus for Swedish business opinion.

The centre's latest publication underlines the growing concern inside industry about Sweden's prospects if it remains outside the EC after the completion of the internal

'The study argues: "It is impossible to see how our stated economic goals can be reached in any other way than through membership of the It believes that the Swedish

government should give a clear declaration of intent to seek full membership of the EC from 1993 at the earliest. The study goes on to declare that Swedish involvement in the EC, along with Norway and Austria, would tip the present EC power balance away from sonthern Enrope and strengthen the northern and central forces in the Community, which would be in the wider interest of Nordic coun-

Nato reckons East bloc figures just don't add up

NATO OFFICIALS who two months ago challenged the Soviet Union and its allies to lay their cards on the table were yesterday poring over the extensive figures released by the Warswaw Pact's committee of defence ministers - discov-ering without surprise that the two sides play with different

decks.

The Warsaw Pact's version of the balance of forces in Europe differs from Nato's not only in its statistics for manonly in its equipment and in its overall conclusion, but also in its definition of categories

and its emphasis.
As expected it makes considerable play of Nato superiority at sea. Nato's document on force comparisons in Europe, published in November, omit-ted naval forces on the

Computer

cost French

COMPUTER accidents and fraud are estimated to have cost French companies at least

FFr7.9bm (£711m) in 1987. That is the conclusion of a report to be issued next month by the

be issued next month by the Fédération Française des Sociétés des Assurances.
But the authors warn that the actual figure is much higher because companies are continuing to fail to report many incidents.

The report says that 49 per cent of official losses were caused by deliberate acts such as computer viruses, frand and

caused by deliberate acts such as computer viruses, fraud and softwara sahotaga—an increase of 25 per cent over the previous year.

This growth in malevolent acts was partly a result of an increase in reporting, explains Mr Jacques Tourly, computer service manager at Aspaird, the division of the FFSA which produced the report.

produced the report. He says legislation obliging companies to report losses

boosted the figures artificially.
However, Mr Tourly argues that an increasing use of networks has played a significant

role in a real growth in com-puter fraud. Companies are not allocating sufficient

resources to security issues

thrown up by new technology,

he says.

Not all of the measures needed were necessarily high-fich — haric corporate security could alleviate the prob-

There are no similar sindles

elsowhere in Kurope. However,

essewhere in Kurope. However, a survey by Coopers & Lybrand, the London-based consultants, commissioned by the European Commission, suggests that the use of information technology and the sophistication of computer recruity is broadly similar.

security is broadly similar

Coopers & Lybrand esti-mates that business losses in the UK from computer failures and deliberate action against

information systems could reach £1bn this year.
"The information technol-

throughout Europe.

mishaps

FFr8bn

By Paul Abrahams

grounds that specific numbers of ships could not be associated with one region because of their mobility. Navies in any case fall outside the scope of the forthcoming Conventional Stability Talks between the two alliances, for which the present numbers game is basically intended.

cally intended.

The Pact figures underline what is claimed to be a five-toone Nato superiority in large surface ships, including 15 aircraft carriers against two. Nato is also claimed to have three and half times more landing vessels, and naval personnel totalling 685 000, double the totalling 685,000, double the East bloc alliance's 338,000. However, in submarines, excluding strategic missile systems, the figures show a slight advantage over Nato at 228 against 200, with 80 nucle-

BELGIUM-ZAIRE RIFT

BELGIUM yssterday ed – declaring his optimism threatened to call off its proposed ministerial summit with Zaire unless the African Gov-

By David Buchan in Brussels

ernment ceased widening the growing hreach between the

Prime Minister Wilfried Mar-tens said: "We insist on a truce" to carry through his Government's plan for a bilat-eral summit to try to heal the

three-month Belgo-Zairean dip-lomatic squabble.

He was reacting to a week-end announcement in the Zai-rean capital, Kinshasa, that

state companies were with-drawing their local deposits from Belgian banks and that a month-long campaign would

start next week to publicise "the exploitation and pillage" of Belgian colonialism before

Zaire's independence in 1960.

After convening yet another cabinet meeting purely on relations with Zaire, Mr Martens

told a press conference he had hoped last week's visit to Kin-

shasa by his Foreign Minister, Mr Leo Tindemans would have

Instsad, Mr Tindemans found himself wrong-foot-

Mr William Waldegrave, the

Foreign Office Minister, demanded an apology from the

Romanian envoy, Mr Stan Soare, for the incident in Chij,

in Transylvania, on Friday, when Mr Hugh Arbuthnot, the

British ambassador, tried to deliver a letter to the country's most prominent dissident, Mrs

improved the climate.

two countries.

ar-powered units against The figures also place emphasis on the difference

between offensive and defensive aircraft, a distinction which Nato rejects because of the flexibility of modern fighters. According to the Warsaw Pact it has 1,829 interceptor fighters that are not capable of attacking ground targets - 36 times as many as Nato. By con-trast it claims the Western alliance has one and a half times as many ground-attack fighters and bombers, at 4,075, and more than twice as many air-craft attached to naval forces.

Navy units are also included in the Pact's figures for combat helicopters, giving Nato a total of 5,270 against 2,285, a superi-ority of nearly two to one. The figures are based on lev-

Martens warns on Zaire talks

The Belgian premier said if the planned Thursday meeting between the chiefs of the two

countries' national airlines, Sabena and Air Zaire, was suc-cessful, this could be "an ele-ment" in the improved climate

which the Brussels and Kin-hasa governments could threah out their differences. In one of

many recent pinpricks at Bel-gium, Zaire has cut back the number of Sabena flights to

Kinshasa from four a week to

ever, with Belgium's French-speaking television network due to screen an American doc-

umentary tomorrow on Presi-

dent Mobutu's personal wealth. The Zairean leader's personal

pique at Belgian press criti-cism seems to be one of the roots of the whole diplomatic

In deference to such sensibil-ities, Belgian TV had deferred screening the US film a month

UK envoy in Romania scuffle

she wrote a letter to the West-

ern press protesting at Presi-dent Nicolae Ceausescu'a pol-

icy of "systematising" the

Romanian countryside. The

policy of razing villages to replace them with "agro-indus-trial complexes" is thought to

have led to the forced evacua-

tion of 40,000 people.
The British Foreign Office

asked its ambassador to visit

ROMANIA'S ambassador in and manhandled him. The

London was summoned to the ambassador was told he could Foreign Office yesterday to and proceed into the house. explain why his British opposite number was manhandled been under house arrest in by Romanian police.

Cluj since last autumn, after

Matters may get worse, how-

sary for a conference at

els of last July and do not therefore take account of recently announced cuts in ularly in East Germany.

They accept that the Waraw Pact dominates in heavy land weaponry such as tanks, armoured vehicles and artillery. It puts its total of tanks in Europe at 59,470, which would appear to include tanks in storage. This compares with a Nato total, according to the Pact figures, of 30,690, and Nato's own figure, including tanks in storage, of 22,200.

When added together, the Pact's separately-listed figures for different categories of land

forces show a superiority of 2.81m against 2.49m, although less than claimed by Nato: 3.09m against 2.21m. This includes air defence troops,

Yesterday Mr Martens issued a statement affirming the inde-pendence of the Belgian media, saying the Government could

neither pressure it nor be

bound by any of its pronounce

Mr Pierre Banchan, vice president of Banque Belgolaise, said his bank would be "severely hit" by the loss of Zairean deposits from its Kinshasa subsidiary.

Accompanied by Vicomte

Etienne Davignon, vice president of Société Générale de

Belgique (SGB), which is indi-rectly the major shareholder in Belgolaise, Mr Banchan saw Mr Mobutu last Friday, but

apparently to no avail. The other Belgian bank to lose Zai-rean deposits is a subsidiary of Banque Bruxelles Lambert.

Mr Martens said yesterday

he still believed that his debt

relief proposal, including for-giveness of BFr1bn (\$26m), or one fifth of Zaire's state-to-

state debt to Belgium, and rescheduling of its much larger commercial debt, was "the basis for agreement" with Kin-

tus as an important dissident.

Mr Soare yesterday told Mr Waldegrave that he would look into the incident, after the lat-ter had demanded an apology. The Foreign Office says it will

not regard the matter as closed

the current state of Anglo-Ro-

manian relations. Last year,

Sir Geoffrey Howe, the Foreign Secretary, sent a letter to his counterpart in Bucharest, pro-

testing at Romania's record on

human rights. Sir Geoffrey repeated his concern in a

speech in Vienna earlier this month, after Romania said it

The dispute can only worsen

until it receives one.

civil defence troops, support units and command staff. The Western countries are shown as having rather more air force personnel at 482,300

against 425,100. Total regular forces in Europe are put at 3.57m for the Warsaw Pact, almost level with the 3.66m total which the Pact

gives for Nato. Nato used its document to show up disparitles that it claimed give the East a capability for surprise attack and large-scale offensive action. While the Warsaw Pact, responding to Nato's call for matching data, accepts some of the disparities, its overall con-clusion of "virtual parity, which gives neither side the possibility of achieving a decisive military advantage" could hardly be more different.

Cyprus settlement terms outlined

By Andreas Hadilpapas

PRESIDENT George Vassilion yesterday presented to the Turkish side a document outlining the Greek Cypriot position for a Cyprus settlement, and diplomatic circles said it mayled a step forward in the marked a step forward in the search for a negotiated solu-tion to sud the 14-year division of the Mediterranean

The President said that the document covered all key aspects of the problem. He expressed the hope that he and the Turkish Cypriot leader, Mr Rauf Denktash, would now start "substantive discussions" with a view to reaching an agreed solution by June 1 this

He also said the proposals showed "the eagerness and ain-cerity" of the Greek Cypriot side to attain an overall solu-

with two constituent prov-

The draft also calls for the demilitarisation of Cyprus, in contrast to the Turkish propos-als tabled earlier, which insist on the continued presence of Turkish troops in the north of the island, which has been under Turkish control since

The sources said the Greek Cypriot proposals, while insisting on the unity of the country, seek to ensure the equality of the two constituent provinces, something which should go a long way towards meeting the Turkish Cypriot demand for equality.

United Nations' sources said the exchange of papers marked some progress in the fivemonth-old intercommunal talks and intensive discussion would start next Monday.

Informed sources said the proposals called for the estab-lishment of an independent non-aligned federal republic

According to the Foreign Office, Mr Arbuthnot was stopped at the garden gate of Mrs Cornea as a reflection of the UK's concern about would not implement fully the Mrs Cornea's house by Roma-nian militia men, who "pushed Romania's "systematisation" policy and of Mrs Cornea's stahuman rights accords agreed at the CSCE meeting.

ogy market is growing between 15 and 25 per cent a year in the UK," says Mr Marco Kapp, director of the security practice at Coopers & expects to make a preliminary ruling soon into whether eight national post offices have flowed EC competition rules

EC's 12 national post offices

Sir Leon Brittan, Competi-tion Commissioner, will next decide whether to send objec-

Yesterday's development coincided with the start of a

at which Europe's post offices are expected to discuss plans to refuse to handle all deliveries of privately carried bulk mail, known as remail.

gered by a complaint by the International Express Carriers' Conference (IECC), representing the main express mall com-

It claims two of the post

EC likely to rule on remail complaint soon Community, a Commission ference of Postal and Telecom-official said. THE European Commission

Lybrand.
"There is no doubt that we will see the rate of increase of computer security losses out-pace that growth." by allegedly trying to stifle competition from the private bulk mail industry. Brussels has nearly finished gathering evidence from the Mr Kapp says the UK insur-ance industry is only just beginning to wake up to the implications of the increasing dependence of organisations on counters.

tions under EC rules, to eight administrations who could then defend their case, before a final ruling.

At present, post offices give themselves the right to refuse to handle remail, instead of

banning it.
The investigation was trig-

offices are pressuring other administrations not to handle remail and that European postal administrations have illictly agreed a sharp rise in

Business view of global outlook hedged with 'ifs' and 'maybes' William Dullforce reports from the annual World Economic Forum currently meeting in Davos, Switzerland

TIVE DAYS of cloudless tration, considered that it

skies, clean Alpine air, good fellowship and much wining and dining must have physically revitalised the 700 or so businessmen who have been mingling with ministers, top officials and academics at the annual World Bconomic Forum. It is less certain that their

minds have been clarified - at least as regards the short-term outlook for the world economy. Discussions this year have oddly combined both diver-gence about what will happen in 1989 with a surprisingly widely voiced confidence that

after two decades of relative stagnation the world is never-theless heading for a period of accelerated, technology-led On one immediate concern

what will happen to the dollar and other exchange tates this year — the businessmen will have to fall back on their own gut feelings or choose among differing prophets.

Market expectations, it was agreed, are focused on how the Bush Administration will handle the US budget deficit and on what the Group of Seven finance ministers and central bankers (due to meet in Wash-ington on Friday) will decide to do about the persistent trade

والمستح والمراجع المستحران والمتعارض

imbalances between the US. Japan and West Germany. Mr Raymond Barre, the former French Prime Minister. reporting on two-day, closed-door deliberations among some 60 leading participants, put everything in the conditional. If the Bush Administration

came up with a convincing policy on the budget deficit, the dollar could stabilise at its present level which "everybody" agreed made US exports competitive.
If no convincing signal came

from Washington, the dollar would fall, unless the Federal Reserve decided to raise interest rates further, in order to maintain the flow of deficit-fin-ancing capital into the US. Such action by the Fed could have the illogical effect of pushing the dollar up, when it needed to be lower, if the US

trade deficit was to be reduced, Mr Barre pointed out. Not everybody, even among his own compariots, was con-vinced by an assurance from Mr David Mulford, the US Treasury Under-Secretary, that the Bush team was giving pri-ority to reducing the budget deficit and would reveal its plan "very soon". Some considering the politi-

cal constraints on the Adminis-

would be up to the Fed to control economic development in Mr Martin Feldstein, former

chairman of the US Council of Economic Advisers under Pres-ident Ronald Reagan, stirred the pot by affirming that without a renewed decline of the dollar the US trade deficit would never fall below \$100bn and would soon be rising towards higher levels. He expected the US to return

to trade balance by the mid-1990s. But, to achieve this, the dollar would have to fall by 10-15 per cent in real terms against a weighted average of all other currencies. In nominal terms it would

havs to fall even further against the yen, the D-Mark and the currencies of other countries with lower inflation rates than in the US. Within two to three years the dollar would have to be at Y100 and DM1.4, he predicted. Little was said about new

efforts towards removing the trade imbalances from Japan and West Germany whose trade surpluses, businessmen pointed out, are set to grow rather than decline. The focus was sharply on the US budget and trade deficits. On the second main topic of



Mr Martin Feldstein (left): believes dollar must fall again. Mr Raymond Barre (right): awaits a signal from Washington. abort-term import, Third World not result in a waste of money

debt, it was evident that the blueprint for a new G7 debt strategy is not yet drawn. The Bush Administration still has to complete its review of debt policy and a Brazilian banker complained that the industria-lised powers had not co-ordinated their ideas. However, Mr Barre reported

agreement among creditor states for the first time for many years on the necessity of reducing Third World debt. Everybody, he said, agreed that the new approach should



The "judgment of the mar-kets" would determine the vol-

the public sectors would be a condition of new money. Countries efficiently implementing



but should create a situation for the resumption of a flow of new money to the debtor coun-

ume of new funds provided to each countr An official from an interna tional lending organisation interpreted this to mean that firmer discipline in introducing economic reforms and reducing

new policies would more easily find credit. There would also have to be some understanding on how capital flight (the illegal export of funds) from debtor countries was to be countered. An essential alement would be to achieve realistic interest and

exchange rates.

Mr Barre said "special incentives" would be used to encourage banks to participate in debt reduction schemes but he implied that these incentives could vary from one creditor country to another.

Mr Michel Camdes

aging director of the International Monetary Fund, talked of "improving the regulatory, tax and accounting environment for voluntary, marketbased debt reduction. An international banker

pointed out that it was becom-ing increasingly urgent for the US to be able to demonstrate one or two successes for its case-by-case approach, in the form of countries that have resumed growth and attracted fresh foreign investment, if it were to continue to stave off the growing pressure from Latin America for a "general-ised" deht reducing pro-

Looking beyond these still unresolved short-term difficul-

ties, the 60 pundits who took part in the closed-door deliberations, saw the world economy entaring a new phase It would be led by science and technology and would have an ecological element, Mr Barre explained. Human investment would be the most important growth factor. Eduinvestment would be the most important growth factor. Education would be a life-cycle affair. The division of living between one learning and one working period would disap-

A key competitive factor would be investment in science and research but increasingly research would become a matter of interaction between peo-ple in international networks. Ecology and environmental considerations had already been divorced from the zero growth concept of the 1970s. The distinction between zero

growth or growth at any cost was no longer relevant. In the 1990s, Mr Barre summed np businessmen would be thinking in terms of growth that took account of efficient use of energy and dan-gers such as that posed by the greenhouse effect, (the overheating of the earth's climate through the accumulation of carhon dioxide in the atmo-

Hard-hitting Joxe socks Paris bourse opposition By George Graham in

MR PIERRE BEREGOVOY'S socks usually remain hidden socks usually remain modern decently under the table, but they have moved into the French political spedlight, on the eve of the publication of an investigation into possible insider trading linked to the purchase by Pechiney. the purchase by Pechiney, the state-owned aluminium group, of the US packaging company American National Can (ANC). The Commission des Operations de Bourss, the French stock exchange regulator, is due to report today, and in preparation the Socialist Government has gone on to the offensive, hitting back at jibes from the right-wing opposition

from the right-wing opposition that France had "the most cor-rupt left wing in the world." Leading the counter-attack over the weekend was Mr Pierre Joxe, the Interior Minister, who pointed to Mr Berego-voy's socks, which failed to reach Parislan standards of houte conture, as evidence that the Finance Minister, at least, had not used insider informa-

tion to enrich himself.

The investigation has become intensely political because of claims that insider information came from one of the government ministries which became involved in negotiations with ANC's par-ent, Triangle Industries. Mr Jean Gandois, Pechincy's

chairman, says he believes the leak came from France. The purchase is, however, to be examined by the European Commission, which has asked for more information to enable for more information to enable it to determine whether the merger of ANC with Pechiney's axisting packaging operations would give it a dominant market position, and also on the pricing of electricity supplies to its new aluminium plant at Dunkerque.

Mr. Rérégovov, meanwhile.

Mr Bérégovoy, meanwhile, has been offered a selection of new socks by a French manufacturer, in "rather fashionable" colours in order to "spice up the tone of his ties and

Hungary plans to cut its army by about 9%

HUNGARY SAID yesterday it would cut the size of its army by ground 9 per cent and size reduce its weaponry and military technology in 1989-90, Reuter reports from Budapest. Mr Miklos Nemeth. ths Prime Minister, said this would enable Hungary to contribute to detente and the success of talks beginning in March on reducing armed forces in

Europe, Hungary's statement followed similar announcements from the Soviet Union, East Germany, Poland, Czechoslovakia and Bulgaria.

Mr Nemeth made the announcement in a speech at a board meeting of the Hungar-ian Chamher of Commerce. MTI said it would publish the 17-page speech later together with details from the Defence Ministry. Last week, Mr Ferenc Kar-

pati, Hungary's Defence Minister announced that a Soviet tank division and an air force regiment would leave Hungary this year

Pope accused by 163 theologians

STRONG accusations of

authoritarianism have been authoritarianism have been levelled against Pope John Paul II in a so-called "Charter of Cologne" which has been signed by 163 eminent theologians from West Germany, Holiand, Austria and Switzerland, writes John Wyles in Bome.

The Vatican has so far dismissed the Charter as "a local event." but it represents a event," but it represents a

strong cry of complaint from a city and countries which on more than one occasion in recent years have found the Pope's hand nowelcomely heavy. "If the Pope acts in a way which does not conform with his office, he cannot claim obedience in the name of doctrine, he must expect opposi-tion, says the charter which was drafted by 14 theologians and attracted nearly 150 other aignatures, including that of Mr Hans Kung, the Swiss theo-

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White House steps in to back thrifts rescue plan

MR John Sununu, White House chief of staff, has stepped in to defend a US Treasury rescue plan for the nation's beleaguered savings and loans insti-

The plan - involving a levy on bank deposits - has turned inte an early test of will between the new administration and Congress, where critics have successfully labelled it

One official expressed fears terday that the row could speech to Congress on February 9 in which the President will present his budget and political agenda.

Speech sp At the weekend, Mr Summu, aware that Congressional oppo-sition was threatening to overcome the Treasury in its first domestic political battle, insisted that the levy remained an option, "though not neces-sarily the leading candidate".

Last week, in the face of Republican and Democrat opposition on Capitol Hill, other administration officials distanced themselves from the proposal which involves a 25 to 30 per cent levy on each \$100 of deposits in federally insured financial institutions.

Other options include the issue of new bonds backed by the savings and loan industry, though this would add to the clean-up cost since the bonds would have to carry higher interest than regular Treasury bonds. The most painful alternative would be for the Treasury bonds. sury itself to carry out a quick and costly ball-out, an option known as the "direct hit".

The fee on deposits would raise \$7bn to \$9on as part of a rescue plan for several hundred insolvent thrifts which is likely to cost between \$50bn

and \$100km. The Treasury is scheduled to

present its final options to the White House this week, but the White House this week, but the row may provoke a delay. Officials are also trying to put together proposals for rearranging the regulation of the S&L industry.

described as a tax which is discriminatory (it does not apply to money market funds). It also conflicts with the Administra-

any new taxes while attempt ing to reduce the \$150bn Federal budget deficit

try, where his day-care legisla-tion met with a decidedly cool

reception, to energy. Mean-while, Mr John McDermid, who

Mulroney's free trade agree-ment with the US, is shifted

from housing to the ministry of

in all, there will be six new

members in the 38-member

cabinet, including Vancouver MP Ms Kim Campbell, who retained former international

trade minister Pat Carney's

seat for the Conservatives in a

nip and tuck battle with the left-of-centre NDP.

from Quebec, in deference to

the high proportion of MPs

from Canada's only predomi-nantly French-speaking prov-ince among the new Conserva-

The reshuffle comes a little

more than two months after Mr Mulroney was re-elected at the head of a second consecu-

tive Conservative majority gov-

ade a name promoting Mr

Canadian premier retains key ministers in cabinet reshuffle

By David Owen in Toronto

TO THE CONTRACT OF THE CONTRAC MR Brian Mulroney, the Canadian Prime Minister, maintained continuity in the upper ranks of his new 38terday, while ringing the changes among the lesser

As expected, Mr Michael Wilson, Finance Minister, and Mr Joe Clark in external affairs retain their portfolios. So does Mr John Crosbie, from Newfeundland, as Minister for

International Trade. Elsewhere, there are several changes with four hitherto low-profile ministers - Mr Doug Lewis (justice and House leader). Mr Bernard Valcourt (censumer and corporate affairs), Mr. William McKnight (defence) and Mr Gerry Weiner (secretary of state) - the clear recipients of promotions.

Twe ministers, Mr Marcel Masse and Mr Robert de Cotret, revert to previously held positions as communications minister and minister responsible for treasury board, respectively. Mr Lucien Bou-chard, secretary of state, is shifted to Minister of the Envi-

Of the promotions, perhaps the most intriguing is the appointment of Mr McKnight, a westerner, as Minister of Defence. The former Minister of Indian Affairs can expect to preside over the awarding of a controversial nuclear-propelled submarine design contract to Britain or France.

In his four years in the cabinet, at first in the ministry of labour, Mr McKnight has earned a reputation as an industrious and able minister.

His promotion allows Mr Perrin Beatty, his immediate predecessor at defence, to move to the ministry of health. The Ontarian, first elected to the House at 22 and tipped as a future Prime Minister, thus continues his career in major

Manitoba's Mr Jake Epp is moved from the health minisS&L industry.

Officials acknowledge that the plan has run into difficulty because it has already been

conflicts with the Administra-tion's professed aim of encour-aging domestic savings.

The row has also drawn in Mr Bush who has repeatedly pledged that he will not impose

Senator Lloyd Bentsen, the powerful Texan Democrat who chairs the Senate Finance Committee, said that the fee proposal was "really very fool-ish." This echoes Republican

capital gains tax By Peter Riddell, US Editor FAR-REACHING tax changes

affecting the treatment of capi-tal gains, oil and gas explora-tion and child care will be included in President Bush's revised budget, to be presented to Congress on February 9. The most controversial pro-posal is likely to be a reduc-tion in capital gains tax from a top rate of 28 per cent (the same as on ordinary income)

Bush likely

to lower

to 15 per cent. This will proba-bly affect assets held for at least 12 months and may be permitted to cover gains only on sales of corporate stock and the like.
President Bush has argued

that cutting capital gains tax will be self-financing and may even produce additional revenue. However, this claim has been questioned by the Congressional Budget Office which argues that there would be a substantial loss of reve-

The scheme depends on the stiting of Congressional Democrat leaders such as Mr Dan Rostenkowski, chairman of the House Ways and Means Committee, which determines legislation. He has already said that a cut in capital gains tax would mainly benefit the wealthy and should be balanced by proposals to increase tax on top incomes or other

A possible compromise out-lined by Senator Lloyd Bentsen, chairman of the Senate Finance Committee, is to have a sliding scale of tax which would decline the longer an asset was held, so as to encourage long-term invest-

Other probable proposals are tax incentives for oil and gas exploration and drilling (likely to appeal to the power-ful Texan group among the Democratic leadership in Con-gress, including Senator Rentsen), a child care tax credit for working families and enter-prise zones free of tax in run-down areas. Proposals for a permanent research and development credit to replace one due to expire this December are also favoured by the Administration and by Con-

US puts forward plan for Mexican debt restructuring

THE US Treasury has drawn up a plan for the restructuring and relief of Mexico's debt in consultation with leading American creditors.

The werking paper sees Merico as "the test case for a new less-developed country strategy" which the US is developing in the context of the 1985 Baker Pian. The work-ing paper, a copy of which has been obtained by the Financial Times, outlines three specific approaches to Mexican debt

and economic policy.

The first option envisages new bank lending of 59hn over a three-year period. It is based on the "Brazilian menn" of new money, debt-for-equity swaps and exit bonds.

The US Treasury says that of Mexico's \$74.4hn bank debt \$48.2 bp is owed to institutions which are unlikely to sell their loans at a discount. Those banks-mainly US money cen-tre, British and Japa-nese – would provide the new

The package would reduce the net transfer of resources from Mexico to banks over the three-year period from \$20.80m

from \$23.5bn to \$12.8bn.

It also envisages bonds being bn and all lenders to \$16.4 bn.

PRESIDENT Daniel Ortega will be counting on little support

from Nicaragua'e business

community as he unveils his government's economic plan

or 1989, AP-DJ reports from

Managua. The leftist Sandinista gov-

ernment has desperately sought the support of capital-ists and workers to brake Nica-

ragua's rapid slide into eco-

The government alone could

not rescue the economy, said Mr Bayardo Arce, a member of

tha ruling Sandinista National

Directorate.
"We must establish a har-

mony of interests, eutlining the responsibilities of the Gov-

ernment, private enterprise and workers, so we can face

the country's problems," he

President Ortega was to

nomic chaos.

Ortega's economic plan

likely to face opposition

issued in exchange for old loans at a fixed tender with a 40 per cent discount. They would be collateralised by 20-year zero-coupon US Treasury bonds purchased by Mexico with interest guaranteed by the World Bank for a rolling

three-year period. Mexico has been looking for such guarantees since the dis-appointing results of its innovative zero-coupon bond scheme reduced its overall debt by only \$1.1 bn a year ago.

Acceptance of the concept of interest securitisation would be a major breakthrough for Mexico and other Latin American debtors.

The second option examined concentrates on interest rate reduction, together with debt-for-bond swaps. It suggests that interest rates on Mexico's commercial term loans be temperarily cut to bring down the country's interest-to-export ratio from the 1968 level of 26.8

announce vesterday an auster-

ity package that reportedly

includes a three-menth wage and price freeze to curb infla-

tion. He has acknowledged that

inflatien reached 20,000 per

cent last year. On December 31, the presi

dent announced sweeping bud get cuts for the Defence Minis

try and security ferces. The

Government has not said how

per cent to 20 per cent in 1991. The scheme weuld bring about the biggest reduction in interest payments of the three presented, but over the threeyear period would only lower net transfers to banks to \$13.9

Under the third and most radical option the bank debt would be exchanged for three new Mexican securities.

 Mexican 30-year bonds col-lateralised by US Treasury zero-coupon bonds purchased by Mexico and with World Bank rolling guarantees en

 Mexican perpetual oil bonds tied to oil prices.

 Mexican 30-year bond war-rants, providing holders with the choice of exchanging \$2 of previously issued 30-yeer bonds for \$2.50 of new bonds

with yields equal to Libor plus two percentage points.

Net transfer of resources to banks would be lowered to \$14.3 bn ever the three-year

period and to all creditors to \$16.8 bm. Initial losses to banks would be larger than under the other two options surveyed. It also faces the problem of imposing the same solutiee on all banks. Among the basic assump-tions underlying all three scenarios considered are \$2bn in loans from the World Bank, other multilateral agencies and official lenders, a \$15 per barrel eil price and a LIBOR rate of

US backs use of cancer drug

THE US Food and Drug Administration yesterday approved the use of a hermone-blocking drug to help slow the progress of prostate cancer and improve the lives of

its victims, Renter reports from Washington.

The drug, fintamide, will be sold by Schering-Plough of Madison, New Jersey, under the name Eulerin. It is already available in 34 other countries. A National Cancer Institute (NCI) study found that patients taking both flutamide and leu-prolide - already en the US

many jobs will be eliminated as a result. Opposition leader Mr Enrique Bolanos, a cotton grower market - survived an average and former president of the Superior Council of Private of 34.9 months, nearly 25 per cent longer than those only en Enterprise, said Nicaraguan "Flutamide is not a cure, but business leaders would not support the plan because they distrusted the Sandinistas.

"Flutamine is not a cure, but the NCI study submitted to FDA just this past October has demonstrated how it can be used to extend the lives of some men." Mr Frank Young, FDA chief, said. The Nicaraguan Government has fored little better with the country's labour organisations during recent negotiations.

defer AT&T decision

By Roderick Oram in

Regulators

THE Federal Communication Commission yesterday deferred a decision on a new form of regulating long-distance ser-vices sought by American Tele-phone & Telegraph as a way to improve its pricing flexibility

and profits. The regulatory agency said that it postponed voting on the issue until March in order to allow Congress more time to study the switch from a cap on AT&T's earnings to one on its

With Congress growing more concerned that consumers might suffer under the proposed change, ebservers in Washington and on Wall Street believe the FCC will find it increasingly difficult to push through its plans.

There's a tense atmosphere

which is not conducive to negotiations," an FCC official said.

The political resistance underscored the gulf that has grown between Congressmen and Mr Dennis Patrick since be became FCC chairman two

years ogo. Mr Patrick has angered many by weakening rules, for example, on cable television ewnership and content of children's television programmes, as well as abandoning the Fair-

ness Doctrine that guaranteed a right-to-reply
AT&T said we are disappointed and frustrated" by fur-ther postponement of a deci-siee that has taken two years. Under a rate cap its prices would be essentially frozen bet it could maximise its profits

through cost cutting and productivity increases. FCC studies show the new AT&T rules would save users of its long distance services

St.6bn ever four years.
But despite FCC changes to the proposals over the past two years, several powerful Coegressmen remain unconvinced that leng distance service will improve or heme users will share equally in the benefits with business users. AT&T's two main rivals, MCI Communications and US Sprint, are essentially unregulated because they are much smaller.

Siemens helps to keep The Royal Ballet on their toes at home and on tour.

When The Royal Ballet is on tour, all the world's a stage; but unfortunately every stage they encounter is different.

So sets designed initially for productions at their Covent Garden base often need adapting at short notice.

Which is where Siemens steps in.

Siemens high speed facsimile terminals

have been installed at The Royal Opera Hous production office and at their scenery studio and

workshop in London's East End. So whenever modifications are needed, they can be drawn on the original plans and faxed between the two locations - or wherever in the world companies based at the Royal Opera House are performing - thus reducing the likelihood of mistakes and saving

time and money.

So when The Royal Ballet recently took seven productions to Australia, they were left free to perfect their performances, safe in the

knowledge that Siemens perform-

ance was smoothing their path every inch of the way. For further information, please telephone 0932 785691.



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WORLD TRADE NEWS

US and EC claim Gatt impasse will be ended 'soon'

By William Dullforce in Davos

OBSTACLES to the resumption of international trade-liberalising talks should be removed in the next couple of months, US and European officials have been assuring businessmen at the World Economic Forum in Dayos over the perturn days.

the past two days.

It is not yet clear how the impasse over farm reform between the US and the European Community is to be overcome. But officials said preliminary contacts by Mr Arthur Dunkel, Director-General of the General Agreement on Twiffs. General Agreement on Tariffs and Trade (Gatt), had shown each side "ready to move in the right direction."

It might be more difficult to agree on short-term measures on farm trade than on long-term action, one European official suggested, because the Bush Administration could not make short-term commitments until it had come to terms with

the US Congres The US and EC originally ran into deadlock over Washington's insistence on a long-term commitment by the EC to abolish by an agreed date all subsidies to farm pro-

duction. Trade ministers handed Mr Dunkel the job of resolving the crisis, which broke out at the mid-term review of Gatt's Uruguay Round in Montreal in December, when Latin American countries refused to allow the Round to process until the deadlock had been broken. Officials' optimism has been partly borne out by statements

from some ministers at the Mr Helmut Haussmann, West German Minister of Eco-nomics, said the European Community would have to demonstrate more willingness

Bonn has been one of the EC capitals most reinctant to soften the EC's position. But Mr Hanssmann stated: "I intend to use all the means at my disposal to ensure progress in this field".

Ministers, officials and even Annisters, ornicials and even a few businessmen were joited into voicing faith in the Uruguay Round by a statement on the opening day from Mr Lester Thurow, Professor of Economics at the Massachusetts Institute of Technology.

He said Gatt was dead and the Uruguay Round should be

He said Gatt was dead and the Uruguay Round should be abandoned. This year would be one of incredibly sharp trade disputes and the world was splitting into three regional trading blocs.

Mr Raymond Barre, former French prime minister, reporting on the exchanges of some 60 leading participants said

60 leading participants said everybody had agreed on the necessity of continuing quickly with the Gett talks.

Japanese, Brazilians share in Malaysian gas project

JAPANESE and Brazilian State to Segamat in Johore and contractors and their Malay-southwards to Pasir Gudang sian partners have won a Ringgit 325m (£66m) contract to supply pipes for the Malaysian Peninsular Gas Utilisation (PGU) project, Wong Sulong reports from Kuala Lumpur, The Japanese-Malaysian partnership will supply 88,900 tonnes of pipes to link the nat-

port, opposite Singapore. The Japanese companies are Mitsubishi, C. Itoh, Marubeni, and Sumitomo.

The Brazilian-Malaysian group will supply 58,700 tonnes of pipes from Segamat west-wards to Port Klang. The Brazilian companies are Petrobras ural gas processing plant at Comercio internacional, Internacional Industrial. Comercio internacional, Inter-

UK loan for Indonesia under-used

By Peter Montagnon. World Trade Editor

BRITAIN'S first soft loan facility for Indonesia expires today with only £55m used out of a potential £140m in funds intended to boost UK exports.

Drawings have been slow because of the difficulty experi-enced by exporters in finalising project contracts with the rele-vant Indonesian anthorities. Eight projects were earmarked for funds under the loan but only five have been signed up.
Drawings would have been lower still but for a deal worth \$13.5m (£7.5m) signed last week by Ruston Diesels, a GEC group company for three dieses.

group company, for three die-sel electric power stations.

The unused balance of the loan will be added to a new £100m facility signed with Indonesia last year in an effort to retain a British presence in a market that attracts beavy

competition from international

aid donors. Unlike the previous facility, the new losn is not tied to any specific projects. This has created a new flexibility which businessmen believe may make it more likely to produce fresh

Saudi defence offset talks

BRITAIN'S Ministry of Defence is holding a seminar in London today to launch its plan to encourage British companies to offset the value of Sandi arms purchases by investing in joint ventures in Saudi Arabia,

Andrew Gowers reports. following the signing in November of an accord between Britain and Saudi Arabia which set out procedures for prospective offset investments in the kingdom

worth up to Libn. The plan was drawn up in response to Saudi demands for economic benefits to compensate for an expected outlay of more than £15bn on a two-part purchase of British aircraft and other military equipment.

Taiwan bicycles spin adversity into profit Manufacturers have shown an ability to roll with the punches, Bob King reports HILE MOST of Taiwan's traditional

export industries are loudly bemoaning their lot as both the Talwan dollar and labour costs continue to rise, the island's bicycle industry -

the world's largest - is turn-ing adversity into profit. During 1987, in fact, when the number of bicycles exported dropped from a 17-year high of 9.25m during 1986 to 8.9m, export value nevertheless increased by 25 per cent, from \$434m (F241m) to \$543m. The reduction continued last year: only 6.3m units were year: only 6.3m units were exported, but unit value increased from \$61 to \$74.5.

The stronger Taiwan dollar, which has increased in value which has increased in value against the US currency by 40 per cent over the past three years, accounted for a large part of the rise in export value. But efforts by the island's cycle makers to produce higher-end goods also contributed strongly. uted strongly.
As a result, Taiwan's bicycle

makers have displaced Japan, previously the world's foremost source of quality bicycles, and in the process demon-strated an ability to roll with

we welcome," says Mr George Lin, president of Pacific Cycles and one of the patriarchs of the industry. In fact, the jovial Mr Lin is positively bullish on prospects for the industry provided manufacturers make the investments in time, energy, and creativity that will keep the industry on its

toward curve.

Other leading industry figures echo Mr Lin's comments.

The glut of capacity – according to one estimate the island produced 12m bikes last year - had over the past three years led the industry into a familiar competitive cycle, producing mostly lower- and mid-end bikes at mass-retail price points.

Then the crunch came, as the Taiwan dollar began rising and labour costs went through the roof. Manufacturers found that, to stay in business, they had to start producing better bikes that would sell at higher prices - or move offshore to places such as mainland China where labour costs are lower and exchange rates against the US dollar are more favourable. To their credit, many manu-facturers have taken up the

the economic punches and get up stronger than ever.

"The so-called problems of the industry are actually a healthy development, which instance, using computer-aided instance, using comp

design and manufacturing (CAD/CAM), better metals and components. They are also changing their approaches to marketing some are selling a significant percentage of their products direct to dealers around the world under their

Taiwan's bicycle makers have displaced Japan - previously the world's foremost source of quality bicycles and in the process have demonstrated they can come up more strongly than ever

own brands, rather than relying on importers.
Pacific Cycles, for Instance,
has found that computer-sided design allows an engineer to produce a frame design in as little as 13 seconds, compared with two days before computers were drawn into play. Mr Lin says he carries his portable PC with him when he visits customers abroad, and can produce or modify a design on the

Pacific sells about 150,000 bikes a year for such brands as Fisher Mountain Bikes,

Supergo, and Off Road of the US and Scott USA of Switzer-land, and also sells to dealers under its own brand in the US, Sweden, Australia, New Zealand, and Japan.

At the other end of the scale is Giant Bicycles, which has offices in the US, the Netherlands, the UK, France, and West Germany, and, with export sales of 1.4m units, probably ranks as the world's top exporter of high-end nachines. Mr Antony Lo, Giant's presi-

dent, offers several reasons for the industry's continued suc-cess. Japan, he says, first led the world when demand for 10-speed city bikes began about two decades ago. "Nobody in the US was making them; Japan was making them; and Taiwan was learning." he says. Taiwan was learning," he says.

Then came the BMX, which the Japanese eschewed, and Taiwan became "the home of the BMX." From that experience, the Taiwanese were able to move naturally on to mountain and all-terrain hikes. which currently dominate demand in the West.

While Taiwan has been moving into dominance worldwide, the Japanese share has fallen dramatically. Pacific's Mr Lin says Japan's bicycle exports have fallen from 1.5m units annually 10 years ago to

150,000 in 1988 - and the Japa, nose are now buying most of the bicycles they sell worldwide under Japanese brands

from Talwanese suppliers. As manufacturors in Talway move up-market, most of the low-end production has moved offshore, to factories in South Korea and mainland China -neither of which Taiwan views as a threat to its dominance of

as a threat to its dominance of the industry.

"A bike looks simple, but there's a lot of technology involved," says Mr James Chien, assistant general man-ager of Fairly Bike Manufac-turing, one of Taiwan's "big five." He adds that of the pro-duction shifted offshore, South Korea has taken a greater Korea has taken a greater share than China. "Quality is still a consideration, and China

is not there yet," he says. Taiwan's manufacturers, in fact, see little competition developing in the higher-end lines they produce for at least the next three to five years, because the local industry's technology and the necessary technology and the necessary component base cannot be duplicated elsewhere over-

night.
"The most difficult thing is the concept - (success) depends on the company, on what they're trying to do, and lots of luck," says Giant's Mr

Brussels drops more dumping inquiries

By William Dawkins in Brussels

TWO EUROPEAN Commission investigations into alleged unfair under-pricing of Japanese ball bearings and Austrian steel tubes were closed without the imposition of dnties yesterday, concluding the latest of a series of abortive

EC anti-dumping complaints.
They follow Commission decisions over the past two months to drop two more "dumping" investigations into cellular telephones imported from Hong Kong, Japan and Canada and microwave ovens from Japan, South Korea and Singapore, on the grounds that there was insufficient

evidence to warrant charging These moves come after a

period when the Commission has faced mounting criticism from industrial consumers and academics that it is applying anti-dumping rules too

Only three inquiries were dropped in this way in the whole of 1988, rising from just one in the previous year, the Commission said. The ball bearings inquiry

centred on accusations that the UK plant of Nippon Seiko and the West German factory of Japanese-owned NTN Kugelia-

with higher exports more than offsetting lower imports.

gerfabrik were being supplied with dumped components. They were thought to be trying to evade dumping duties on fully assembled bearings imported into the EC by both

Brussels examined the complaint, lodged last April by the Federation of European Bear-ings Manufacturers' Assocations, but found that the Japanese content of their EC-assembled products was less than 60 per cent. That meant they were well within EC rules against component

Commission trade experts

W German-Soviet trade picks up

did find that Austrian steel tubes were being dumped, as claimed by the Liason Committee of the European Steel Tube Industry, but that they were being sold in such small numbers in the EC that they were inflicting little damage on Community tube

Austrian producers were charging 11.2 per cent less in the EC than on their home market, yet their dumped exports only took 1 per cent of

the Community market. Falling demand had also contributed to a general drop in

Jordan and Egypt to boost trade

By Tony Walker in Cairo

JORDAN and Egypt agreed at the weekend to increase two-way trade to \$350m (£194m) this year. The agree-ment followed talks in Cairo between the Prime Ministers of the two countries.

The decision coincides with discussions among four Arab states about the formation of a regional "common market". In this context Egypt, Jordan, Iraq and North Yemen have embarked on a review of poss-sible areas of economic co-oper-

Officials are looking at the possibility of reducing trade barriers and streamlining customs procedures. President Hosni Mubarak of Egypt, after meeting King Hussein in Cairo last week, invited other Arab states to join the proposed eco-

Officials said Egypt and Jornies for investment in tourism and for production of livestock and fodder. The two countries would co-ordinate production of fertilisers, petrochemicals, electronic equipment, machin ery and spare parts.

CIM - CAD/CAM

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where interest will be focused on a com-

prehensive array of computer-aided

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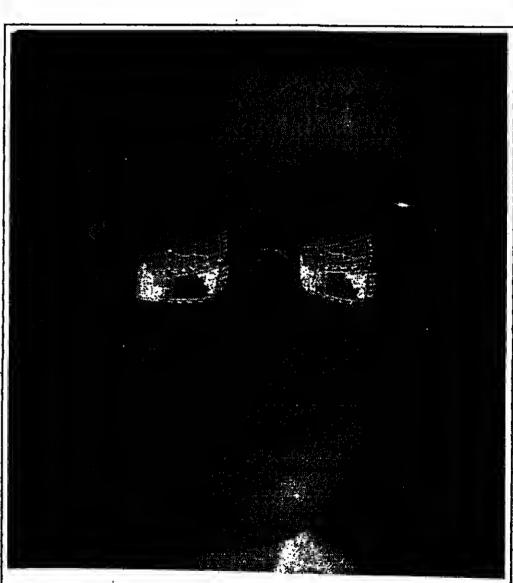
World Center (Office • Information • Telecommunications) For further information please contact: Arnold Rustemeyer, 25 Hurst Way, South Croydon, Surrey CR2 7AP, Tel.: (1) 688-9541, Telefax: (1) 6810069,

By Andrew Fisher in Frankfurt TRADE between West Cerman bherr, with a large German company, picked up in 1988 after falling announced a DM100m order between bherr, with a large German operation, hopes to supply equipment for a new DM1bu back sharply in the previous from Techmashimport of vears becau cow to expand an etc The figures sh plant in the Caucasus. energy prices. The Bonn Economics Minis-The order comes at a time of growing optimism in the Ger-man engineering industry that try reported a 7 per cent rise to DM14.6bn (\$4.5bn) in two-way business in the first 11 months,

sales to the Soviet Union will show a further sharp rise this year. The Swiss-owned Lie-

operation, hopes to supply equipment for a new DMIbn car engine plant.

man exports to the Soviet Union, its largest Eastern Bloc trading partner, jumped by 20 per cent to DMS.4bn in January-November, while imports (mostly oil and gas) were down by 6 per cent to DM6.2bn.



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OVERSEAS NEWS

Rival Lebanese Shia factions sign peace pact

LEBANON'S rival Shia Moslem militias, Amal and Hizbollah, yesterday ended more than a year of bloody fighting with a comprehensive peace accord as the Arab League launched a diplomatic effort to end the country's 14-year-old political crisis.

The agreement between the pro-Syrian Amal and pro-Ira-man Hizbollah militias to end a conflict which has already claimed more than 150 lives this year, was signed in Damascus after a week of intensive negotiations presided over by senior Syrian and Ira-nian officials. It raised hopes that conditions may become more favourable for the release of the 15 or so westerners still

of the 15 of 80 westerners still being held hostage by Iranian-inspired redicals in Lebanon.

"Any positive step like this in Lebanon will help gain the release of hostages," said Mr Farouq al-Sharaa, the Syrian Foreign Minister after the Foreign Minister, after the signing. Dr Ali Akbar Velayati, his Iranian counterpart, said : "We hope that all hostages, whatever their nationality, will be released very soon out of humanitarian considerations." Mr Nabih Berri, the Amal leader, added that the accord did not deal directly with the bostages, but expressed the belief that it would help their

An Irish diplomat, Mr Patrick McCabe, who has been in Beirut since Saturday investigating reports that Irish or British hostages may be about to be freed, said yesterday that he had not learned anything sufficiently concrete to justify raising hopes of an imminent release for Mr Brian Keenan, a Belfast-born teacher, or other

hostages, but he did not dis-count the possibility.

The inter-Shia pact was a carefully balanced package in which both sides gave and received concessions. Hizbollah received concessions. Hizbolian recognized Amal's right to control security in south Lebanon, but was itself given the right to resume a role there, including mounting attacks on Israel. Hizbollah lost most of its positions in the couth in the first tions in the south in the first round of fighting with Amal

last spring.
Hizbollah also formally agreed in the accord not to harm United Nations forces or the personnel of other interna-tional bodies. It was the abductional bodies. It was the abduction of Col William Higgins, an American marine officer serving with UN observers in the south, that sparked the first confrontation between Hizbollah and Amal. Several international relief officials have been abducted at various times.

Meanwhile in Tunis, talks got under way at the Arab League headquarters on ways of ending Lebanon's 14 years of strife and disintegration. Taking part in separate meetings with a seven-man committee of

with a seven-man committee of Arab foreign ministers were the rival claimants to the Lebanese premiership, Dr Selim al-Hoss and Gen Michel Aoun, and Mr Hussein al-Husseini,

the parliamentary Speaker.
The Arab League's initiative
is regarded by all the factions
in Lebanon as the most serious in Lebanon as the most serious attempt so far to tackle the crisis which last September left the country for the first time with no president and two rival prime ministers. Since then, parliament has been paralysed, and the army command has also split in two.

Rabin offers **Palestinians** a compromise By Andrew Whitley in

MR YITZHAK RABIN, the Israeli Defence Minister conducting a solo campaign to persuade Palestinians to enter into negotiations, yesterday offered a significant compromise on his recently launched plan for elections in the occu-

Speaking to a cancus of Labour parliamentarians, Mr Rabin conceded that it was not necessary for the 14-month-old intifada (uprising) to be halted before talks could begin with

kocal Palestinian leaders. The statement came a day after Mr Faisal al-Husseini, generally regarded as a master-mind of the norising, was released from jail Mr Husseini has defled objections from the Palestine Liberation Organisation abroad and other local Palestinian leaders and supported elections in the occupied territories - provided no conditions are attached and the PLO sanctions the arrangement. Serving notice on his col-leagues that he does not intend

to be deterred by the continuing criticism within Israel of his initiative, Mr Rabin said that free elections could not take place in an atmosphere of violence. But he was prepared to drop his previous precondi-tion for talks, that the violence be halted immediately.

Yesterday was marked by scattered clashes between demonstrators and soldiers in the West Bank and Gaza Strip, along with a largely observed strike by merchants, called for by the Islamic fundamentalist group known as Hamas

Mugabe warns of hunger threat to Africa

PRESIDENT Robert Mugabe of Zimbabwe said yesterday in London that starvation was threatening the survival of Africa and called for the "shame of hunger" to be wiped

By Our Foreign Statt

out this century.

Mr Mugabe, who has led
Zimbabwe since independence
nine years ago, spoke of the
continent's burdens, after he had accepted the Africa Prize for Leadership.
The Zimbabwean leader said

that the debt of 46 African countries was estimated by the OAU to have increased from \$4bn in 1982 to nearly \$200bn in 1986, and is estimated to climb to \$550bn by the year 2000, if current trends con-

He claimed that more than 70m Africans suffered from malnutrition, most of them women and children, calling It "a threat to Africa's survival".

"More bold and creative action must be pursued in order to eradicate the shame of bunger this side of the 21st century," he said. "I call on the developed North to join us of Africa and of the

Mr Mugabe said his own country was facing serious problems. Zimbabwe, one of black Africa's few food export-ers, still desperately needed land for its resettlement pro-gramme, a vital part of its rural development, he said. He added that the country's debt service ratio, which reached a peak of 35 per cent in 1987 was expected to fall to 25 per cent by mid-1989.

Chaos deepens in Kabul as the Afghan winter sets in

By Robin Pauley, Asia Editor

HEAVY snowfalls yesterday added to the crisis in Afghanistan, where guerilla attacks, the withdrawl of the Soviet army and supply shortages have created political and mili-

tary chaos. The snow closed Kabul air-The snow closed Kabul airport, delaying the departure of Soviet troops and foreign diplomats fleeing a capital where security is deteriorating rapidly as the Soviet occupation nears an end. It also stopped Soviet planes arriving with supplies to relieve the food and fuel shortages.

The Salang Highway, the

The Salang Highway, the main route north to the Soviet Union, was closed temporarily as conditions worsened, hold-ing up the road convoys bringing supplies to Kabui and tak-ing Soviet soldiers home. Deadlock on the future political structure of Afghanistan is resulting in a great deal of diplomatic travel, so far to no

Mr Sahabzada Yaqub Khan, Pakistan's Foreign Minister, is in Riyadh to try to discover what sort of Afghan govern-ment would be acceptable to ment would be acceptable to the Saudis, one of the strongest financial supporters of the Afghan Mujahideen resistance. A tiny handful of young Saudis went to Afghanistan to fight along side the Mujahideen against the Soviets.

Mr Yakub met Prince Saud al-Faisal, Saudi Foreign Minister, in Riyadh before flying on to Dhabran to meet King Fhad

to Dhahren to meet King Fhad bin Abdulaziz. This visit pre-cedes a visit to Pakistan on Saturday by Mr Eduard Shev-

ardnadze, the Soviet Foreign Minister, in a further attempt to find a compromise solution on an interim government. If the Soviets can obtain a

face-saving agreement which includes the ruling People's Democratic Party of Alghan-istan (PDPA) they are prepared to remove the present Cabinet of President Najibullah. Without such an agreement they will continue to resupply President Najibullah's army and bomb Mujahideen positions from the Soviet Union after the February 15 deadline for withdrawal

The Mujahideen, sensing vic-tory, have refused to consider any coalition government involving the PDPA. However, the resistance yesterday prom-ised not to storm Kabul and

other cities, reducing chances of a civilian bloodbath after the Soviet troop withdrawal. "We will continue our siege around Kabul so the attack does not lead to the killing of

innocents," said Mr Burhanud-din Rabbani, one of the resis-tance leaders based in Pakis-Not all the resistance groups agree, however. Mr Gulbuddin Hekmatyar, the extreme Muja-hideen leader whose influence has declined since his mentor, President Zia of Pakistan, was assassinated last August, has often argued for attacks on major cities to complete the

Mujahideen victory. He is currently in Tehran trying to eecure agreement with the Iranian-based resistance leaders on the future

shape of an Afghan govern-

Meanwhile, diplomats con-Meanwhile, diplomats continue to pack np their belongings ready to leave once Kabul airport re-opens. The Americans, Japanese, British and French are leaving. The West Germans have already gone. The Iranians, Italians and Turks are staying for the time being, as are a handful of international aid workers.

heing, as are a hainth to have a national aid workers.

Mr Richard Murphy, departing assistant US Secretary of State for Near Eastern and South Asian affairs, is pessimistic about the likelihood of the control of their statements. the Afgbans turning their weapons on each other once the Soviets had gone.

"There are very deep pas-sions aroused against the occupier and they will be turned against those who have been central to the regime," he is reported to have said.

reported to have said.

The Stars and Stripes was lowered at the US embassy in Kabul yesterday to indicate the formal closure of the station. "We're going home." said Mr John Glassman, charge d'affairee. "We are leaving for security reasons. We'll be back as soon as the conflict is over."

In a brief address. Mr Glass-In a brief address, Mr Glassman paid tributo to former Ambassador Adolph "Spike" Dubs, who died after being kidnapped in Afghanistan on February 14. 1979. "His mortal remains lie now in the Arlington Cemetery in Washington, his spirit is here with us in Kabul," he told staff standing in the snow around a memorial stone in the embassy grounds.

stone in the embassy grounds.

UK unhappy over HK Basic Law 'breach'

April futures exchange relaunch planned

By John Elliott in Hong Kong

to China that guarantees agreed between the two coun-tries for the antonomy that Hong Kong will enjoy after China regains sovereignty in 1997 have been breached in the latest draft of the Basic Law which will govern the colony. Both the UK and Hong Kong governments are known to be concerned that the draft attempts to lay down strict guidelines on economic and taxation policy after 1997 which would for example curb increases in public spending. This would breach pledges in the Sino-British joint declaration of 1984 that Hong Kong will continue to enjoy a "high degree of autonomy"

degree of autonomy

HONG KONG hopes to relaunch its Futures Exchange

by April with a new interest

rate futures contract which could lift the market out of an

unexpectedly long slump fol-lowing the world stock mar-kets crash of November 1987.

The first step towards this goal was taken on Friday when

10 brokerage firms, including international names such as

Baring, Jardine Fleming and

Citicorp Scrimgeour Vickers,

linked up as broker-lenders with the exchange and its shareholders to announce the

restructuring of a HK\$2bn (£147m) lifeboat facility which

was introduced when the crash

brought the exchange to the

They have set up a perma-nent HK\$200m reserve fund to

support the exchange's new clearing bouse, called the HKFE Clearing Corporation, which is expected to be opera-tional in the middle of March.

The next key event is on February 23 when the exchange hopes to win suffi-

cient support from its members

at an emergency general meet-

brink of collapse.

when the British House of Commons Foreign Affairs com-mittee is about to look into the Government's bandling of Hong Kong and the 1997 han-

There is growing controversy in both Hong Kong and the UK over a general lack of provisions for the development of democracy in the Basic Law's latest draft, especially over delayed elections for the post-1997 chief executive, who will take over from the British governor, and the legislative The move also coincides

with a diplomatic row between the UK and China over statements by top Chinese officials who have demanded that the problem of 25,000 Vietnamese

ing for a new constitution. This would clear the way for

the government to give official backing for the launch of the planned new three-month

interest rate futures contract.

Later there would be other initiatives including contracts

linked to leading currencies and options on the local Hang Seng Index, which the exchange hopes will hring

more international and

regional companies into mem-

bership.

"Our aim is to create a firmly based exchange with good rules and operating and risk management procedures.

and we think it has very considerable promise," Mr Wilfred Newton, chairman of the

Futures Exchange since the

end of 1987, said yesterday. Mr

Newton gives up the post at the end of next month, shortly

before leaving his main job as chairman of Hong Kong's Mass

Transit Railway to go to the UK as chairman of London

Regional Transport.
Since the crash the futures

husiness has slumped from

600,000 contracts a day to

refugees in Hong Kong should be solved before 1997. The British Foreign Office has complained to Peking about statements attributed to Li Hou, secretary general of the Basic Law drafting committee, that all the boat people should be out of Hong Kong by 1997. Despite the protest, the demand was repeated at the end of last week by Xn Jiatun, head of China's Xinhua news agency in Hong Kong and Peking's *de facto* ambassasdor

to the colony. The changes to the basic law reflect the views of conserva-tive Hong Kong businessmen who recently stiffened their stance on the economic and democracy issues after they had failed to reach compro-

mises with liberal Hong Kong lobbyists. On economic policy, the businessmen do not want to risk an elected legislature increasing taxation in order to boost social spending and win votes. The first draft of the law said there should be a "basic balance between total budget-ary revenues and expenditure" and "continue to practice a low

tax policy".

The British Government asked for this to be relegated to an advisory appendix, but this was not done at the last drafting session two weeks ago. Instead the words were changed so that the new gov-ernment is told to "strive to balance its expenditure and

than other institutions, mainly

because of vested local inter-

ests which oppose change. They include 25 members of the exchange who are involved in legal action over alleged

At an emergency general meeting in December the 25,

plus other local shareholders

who are not active members, blocked the new constitution

in a 55-45 per cent vote which

was less than the required

75-25 majority. The proposed new rules would gradually dis-

enfranchise defaulters and

non-members and would

bers of the exchange have a

sharebolders' vote. The exchange's profits would also be ploughed back for develop-

ment, not paid out to members.

If the 75-25 per cent vote is not achieved on February 23,

the government and the exchange will consider whether to use powers in the new Securities and Futures Commission Bill, which could come but force by March or

come into force by March or April, to force through the new

1987 defaults.

Tokyo irritated over US fiscal policy gap

By Ian Rodger in Tokyo

AS THE yen touched Y130 to the dollar yesterday in Tokyo, the Japanese authorities began to show their irritation with the current drift of exchange rates and their impatience with the long wait for the new US Administration to set its fiscal policy.

There is a limit to what can

be done with monetary policy," a Bank of Japan official said yesterday in reference to the US Federal Reserve's recent moves to push up interest

Some economists in Tokyo suggest that behind this irrita-tion may be a fear that Japan will have to push up its own interest rates if the dollar rises much further. If that hap-pened, domestic demand growth could fade, causing import growth to decline.

The Japanese authorities are already embarrassed about the resurgence of exports in recent months, which has prevented the country's bloated trade surpluses from falling, and the last thing they want now is a slowing of imports as well. In the Japanese view, the Fed's tightening of monetary policy has pushed up the dollar in defiance of underlying eco-nomic trends, particularly in the last few days when the dol-lar has risen despite a narrow-ing of the gap between US and Japanese long-term interest rates. "The expectations of market participants are so important now. It is difficult to explain foreign exchange movements on the basis of fun-damentals," the Bank of Japan

official said plaintively.

The same was true of inflation expectations, he added. The central bank's view was that there was "no imminent sign" of inflation in Japan, even though the economy probably was growing at a rate faster than its long term poten-

However, market sentiment appeared to be more pessimis-

The speaker of Japan's Lower House of parliament yesterday admitted he had received political contribu-tions from the Recruit company, which has been at the heart of a share scandal which has rocked the counwhich has rocked the country, Reuter reports from Tokyo. Mr Kenzaburo Hara said that although the contributions, paid between 1983 and 1988 and totalling Y19m (£84,006), were lawful, he returned the money on Lawrence A after finding January 4 after finding ont about the company scandal.

Indeed, as one private sector economist in Tokyo explained, the potential for yen weakness translating into inflation in Japan is much stronger than it was last autumn. This is was last autumn. This is mainly because international oil prices have risen. Some economists suggest the Bank of Japan would be forced to push up interest rates if the dollar rose to Y135 whereas last autumn the central bank stayed calm even as the dollar arrange last V140

approached Y140.

The Japanese authorities agree entirely with the intention of the Federal Reserve's policy - to cool US domestic demand and the propensity of the country to suck in Japa-nese imports - but they regret the side effect of threatening Japanese economic stability.

They would rather that the US use fiscal policy to cool demand, and their new irritation may reflect worries that the Bush Administration may not take tough action on this

"I would like to know why the market is still speculating on high interest rates, strong US growth and a tough Bush policy," the Bank of Japan offi-cial said. "If those expectations are disappointed, what will happen?

Unita 'willing to observe Angolan ceasefire'

A SENIOR official of the Angolan rebel group Unita said in London yesterday that his organisation would be willing to observe a ceasefire in the

war it has fought with the MPLA government since inde-pendence, if its ceasefire offer were reciprocated.

The US-backed Unita group
led by Mr Jonas Savimbi, has
been fighting the Government
of President Jose Eduardo dos
Sentos'socialist MPLA since it broke away from a transitional

Gen Antonio de Costa Fernandes, a senior foreign affairs spokesman for Unita, said he had been empowered to offer a ceasefire as a goodwill gesture, now that Cuban forces were being withdrawn from Angola under the tripartite agreement between Angola, Cuba and South Africa signed last

But the rebel group's move is unificely to draw any posi-tive response from Angola, where the offer will be seen as government in the months where the offer will be seen as before Angola's independence a propaganda attempt to bol-

ster the impression that the rebels can dictate terms. The Government has repeatedly said it will not hold offi-cial talks with Unita. It is willing, instead to receive any Angolan under its clemency policy except Mr Savimbi who

Newton: good rules

the Hang Seng index.

about 45,000, split evenly

between sova beans, sugar and

The stock exchange was reformed at the end of last year with a new council and

management, and legislation is

now being processed to set up a new and controversial over-

all watchdog called the Securi-

tles and Futures Commission. The Futures Exchange has

proved more difficult to reform

Gen Fernandes yesterday ruled out any acceptance or recognition by Unita of the Government's formal amnesty law under which Unita personnel are able to return without

Unita has made ceaseffre offers before but only with pre-conditions attached, relating to the withdrawal of Cuban

forces, subsequent talks, and timetables for elections.

If Luanda were willing to cease hostilities, he said, it could issue a statement. "We are willing to recipe." are willing to rsciprocate. . In 24 hours I would contact my president and he will stop the fighting." If Luanda refused the offer, how-ever, Unita felt able to continue the war, Gen Fernandes said.

Swiss credit for S Africa

A GROUP of Swiss investors has agreed to renew an exist-ing SFr70m (£25m) medium-term note to South Africa, relieving the country of the need to repay the debt immedi-

ately. Union Bank of Switzerland is arranger and paying agent. The old notes were set to mature on January 17. The new notes are for a three-year term and pay interest at 7 per cent, representing a 2 per cent premium over rates on Swiss government securities. The maturing notes paid interest of

about 6 per cent Switzerland did not joint the other nations which in 1985 stopped Isnding to South Africa in protest at the country's apartheid policies. The Swiss National Bank has imposed an annual limit on new lending to South Africa of SFr300m, although renewals and rollovers do not count towards that limit. South Africa has also been

faced with shrinking foreign exchange reserves since early 1988, making it difficult to meet foreign debt repayments.

Thailand shines as one of East Asia's brightest economies

Roger Matthews in Bangkok examines a country buoyed by a decade of growth and democratic maturity

THE international discovery, elevation and confirmation of Thailand as one of East Asia's brightest economic prospects bas happened in little more than a decade, despite an already impressive performance in the 1960s when gross national product increased on average by 8 per cent a year. A combination of growing domestic political maturity and the fast-retreating threat of Communist-inspired regional instability has helped reveal to the outside world - and sometimes to the Thais — the diversity of the economy and its potential for development. The publicity it has attracted, although not all of it favourable, has served to reinforce the impression of a dynamic and stable economic environment, in sharp contrast to the Philippines - where the democratic achievements have been

Such diverse events as King Bhumibol Adulyadej's sixtieth birthday, celebrated just over a year ago, three victories in international beauty contests, a medal at the Seoul Olympics and a blessing for the textiles industry from Pierre Cardin, have all in their way underlined both the depth of Thai



EAST ASIAN ECONOMIES

THAILAND

nationalism and its pleasure in discovering international

Thailand is certainly now deemed an economic success internationally and is further benefitting from the favourable reaction of the increasing flood of foreign tourists, who provide Thailand with its single largest source of foreign revenue. And, unlike several of its regional competitors, the perceived obstacles to growth in Thailand are more the consequences of recent achievements than fundamental flaws in the country's political or economic strucuture.

over-csntralised, correctly routed payments do make the wheels turn, even if not always for the best objective in national terms. But things do Thailand's population of 54m

provides a pool of cheaply available labour and, perhaps more significantly, an increas-ingly important demand base, which distinguishes it from countries with much smaller numbers such as Taiwan, Malaysia, Singapore and Hong

At a time when the threat of notectionism is growing. That-land also enjoys substantial benefits under the generalised system of preferences, an advantage denied increasingly to others, which last year helped to lift its exports to the US by 30 per cent. Even so Thailand is far from being a single destination exporter with Japan last year buying only 5 per cent less than the

It is relatively rich in natural resources - offering longer-term possibilities for producing

Thailand has many strengths. It is strongly profit and businese oriented. Although the decision-making process is often leaden and over controlled. strongly agricultural nation it has a greater capacity to sus-tain moderate levels of growth during downturns in the world economy. This was particularly apparent during the 1985-86 recession. The Thai economy grew

by 3.5 per cent and 4.7 per cent respectively in those two years while more developed and industrialised countries in the region, such as Singapore and Malaysia, were suffering nega-tive or minimal growth. Those countries have bounced back from that trough, but Thai-land's economy has remained on a steady upward track achieving growth of just over 7 percent in 1987 and expectations of close to 10 per cent this year, on a par with Singapore but ahead of Malaysia.

Maintaining this pace is likely to prove impossible for these countries, most critically in Thailand because serious bottlenecks in the infrastucture have been caused by the sharp increase in foreign and domestic investment. Bangkok, Thailand's only major industrial centre, is liter-

Thailand GDP % changes over previous year at 1980 prices 1983 85 Consumer prices

% changes over previous year

ally choking. Congestion on the roads and at the port have reached intolerable levels. Telecommunications are inadequate and similar problems are emerging on the labour front, particularly at technical and middle management levels where supply is lagging increasingly behind demand.

These deficiencies do not seem to be dampening investor enthusiasm. Foreign direct

investment this year will probably increase by nearly two thirds with Japan still leading the way, followed by Taiwan, and with strong interest from the US and Europe. South Korea is also beginning for the first time to make its presence New applications are also

extremely buoyant, which are impressive for their diversity and quantity. Another of Thailand's strengths has been that while it has launched an impressive petrochemicalsbased industrial zone on the Eastern Seaboard, it has leaped simultaneously into international prominence in less obvious sectors such as gems and jewellery, which are ideally suited for the more traditional That company employing less than 100 workers.

Opinion is divided over whether Thailand has now done the hard part and achieved the critical industrial mass which will act as a solid platform for a decade of steady growth, or whether the impact of such rapid economic development will begin to impose excessive strains on the coun-

try's other institutions.
The relationship between monarchy, military, politicians and the top flight of civil servants is delicate and often finely balanced.'
Thailand also has to make a

string of other structural

adjustments familiar to rapidly industrialising societies. There are severe regional variations in income. With some 62 per cent of the labour force still employed in agriculture, greater emphasis will have to be placed on siting industry In turn that will require higher levels of Government spending on infrastructure and more efficient and equitable revenue collection. The financial sector is also still extremely narrow and under-developed. Loss-making state industries remain a heavy budgetary burden and the will to

privatise seems, at least tempo-rarily, to have dissipated. There is no lack of answers to these problems at the senior levels of the civil service. The greatest uncertainty rests on the will and the skill of the politicians to implement them. This is the final article in a series of eight examing the performance and prospects of developing East Asian econo-mies Previous articles appeared on January 4, 6, 11,17,19,24 and

IMF renews talks with **Philippines** By Richard Gourley in

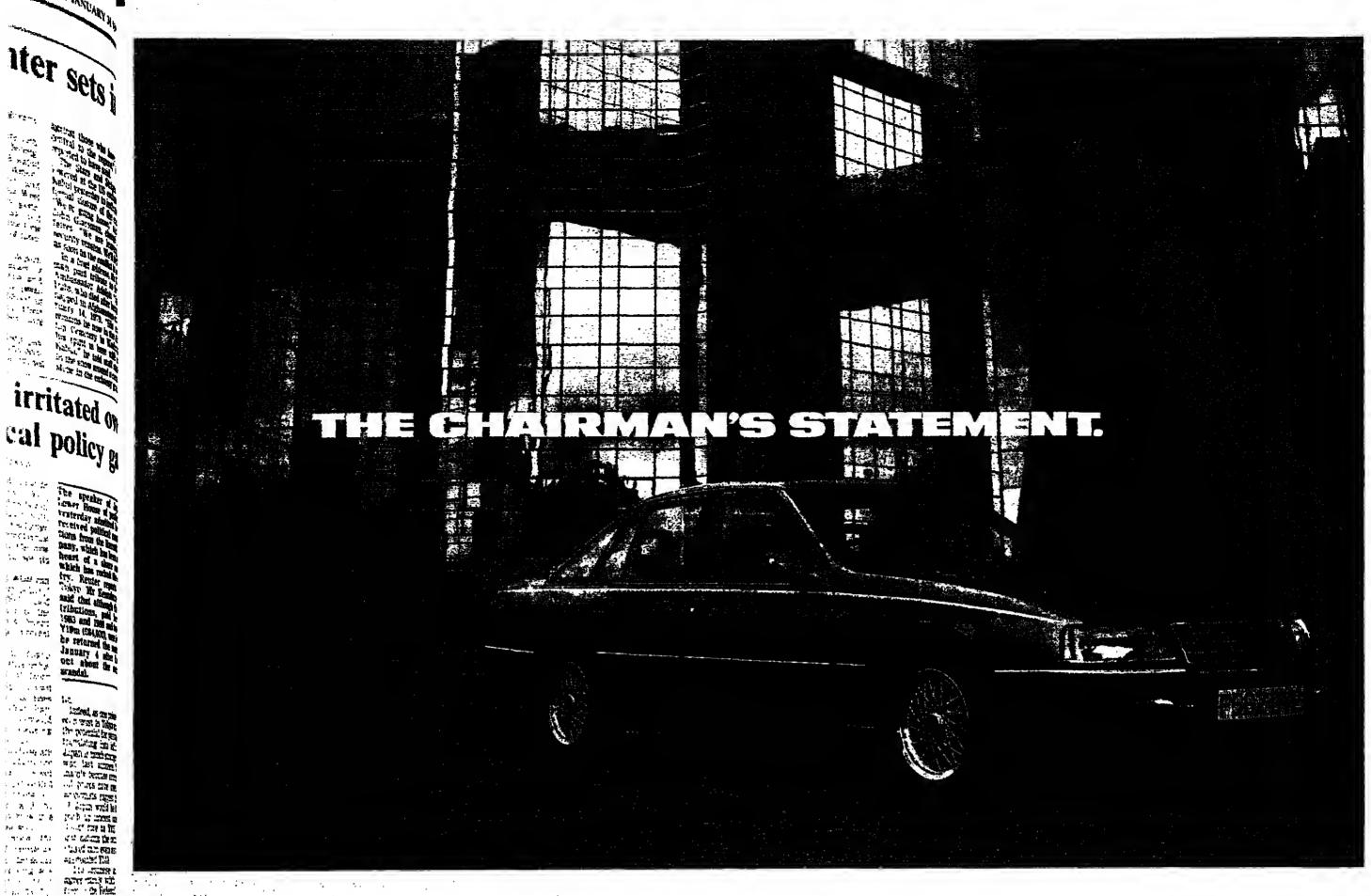
THE International Monetary Fund and the Philippines resumed negotiations yester-day for a new \$1.3bn loan package on which a string of crucial talks with commercial banks, official creditors and aid donors depend.

Mr Vicente Jayme, the Phil-inning Finance Commercial

ippine Finance Secretary, has called the IMF package a "cornerstone" of the country's con-tinued economic recovery and urged a vocal minority of Consressmen and some govern-ment officials not to press for conditions that would hold up

Talks broke down last November after the IMF ques-tioned some Philippine assumptions of its projected growth rate, its revenue raising ability and government spending targets. Manile refused to change its assump

Some officials not directly involved in the negotiations but responsible for drawing us the Philippine's recovery programme accused the Fund of trying to impose conditions that would jeopardise Manila's efforts to alleviate



The gentleman above has just made an important announcement. One which will inevitably attract close scrutiny from friend and foe alike.

It concerns the said Chairman's decision to buy a £22,308 stake in a company known as Vauxhall Motors.

A considerable acquisition that trades under the name, the 1989 Senator CD.

The intention behind the purchase is clear for all to see.

It's an affirmation of forward thinking. A clearly stated belief in the advantages of advanced technology.

And in this day and age, technology doesn't come much more advanced than that found on the new Senator CD.

Apply the brakes in an emergency and the ramifications of electronic ABS anti-lock braking make themselves patently clear.

The dangers of slipping and sliding, skidding or skating are dramatically reduced.

This feeling of control is enhanced by the Senator's Advanced Chassis Technology, a suspension system specifically designed to take the suspense out of unexpected swerves.

As for the straight six engine, it's under new management: a Bosch L2 Jetronic system allied to a bank of computers.

Whilst those all-important economic indicators such as fuel consumption and fuel range can be constantly reviewed on the 7-function trip computer.

As one would expect, along with checks, at the press of a button, one can also make choices. Lots of choices.

Whereas the less driven among us may be content with one gearbox, captains of industry can now avail themselves of three.

"Economy" covers normal driving conditions encountered around town. (Tough at the best of times.)

"Winter" is for when climatic conditions take precedence over performance. And "Sports" is for when performance is all.

One can take out similar options on the suspension system.

There is a "Comfort" mode. A stiffer "Sports" mode. And as a compromise between the two, a "Medium" setting.

And as befits a man with the top seat on the board, the seats in the Senator are leather, heated, lumbar adjustable and look out across richly varnished elm trim.

At your beck and call you will also be pleased to find electric mirrors, windows and sunroof, electronic cruise control and, of course, power steering.

In your defence, a deadlock central locking system will keep your investment secure from the attentions of undesirable asset-strippers.

What more is there to report?

Only that with the purchase of the Senator CD, the next few years are bound to be ones of impressive progress.

THE SENATOR CD.

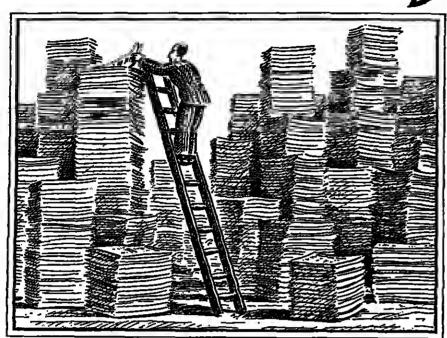


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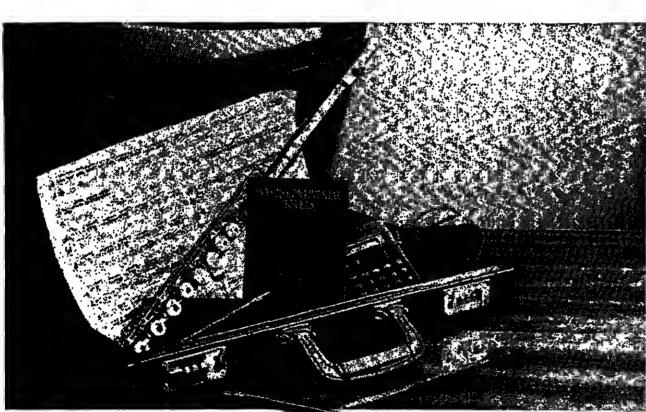
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OVERSEAS NEWS

Japan's machine tools keep their edge

Ian Rodger explains why a strong yen has failed to dent growth

the reasons for the stubborn resistance of Japan's trade surplus in the past year, in spite of the high yen and government efforts to stimulate imports, would do well to study the country's powerful machine tool indus-

In theory, that sector should be one that would respond quickly to economic policies aimed at reducing the trade surplus. The fiscal stimulus would induce manufacturers to boost their capital spending. which has in fact happened and the sharp rise in the yen's value would drive cost-conscious corporate treasurers to buy cheaper imported machine

This has not happened. Instead, the fiscal stimulus has turned out to be an enormous boon for the Japanese machine tool industry, making it stronger than ever. The industry's orders in the first 11 months of 1988 acared 44 per cent to Y894.9bn (\$7bn), with domestic orders largely responsible. Out-put has come along behind nicely, rising 28 per cent in the same period to Y798.8bn, again mainly for domestic consumption. Exports rose only 10 per cent to Y282 1bn. Imports grew

NYONE interested in a hefty 61 per cent, but in real terms remain a tiny 6 per cent, little more than they were in 1985 when the home market peaked at Y691.3bn.

Thus, there is no statistical sign yet of any structural adjustment in Japan's machine tool industry. On the contrary, the resurgence of export orders - up 28 per cent in the first 11 months - suggests the industry has largely overcoma any disadvantages caused by the rise in the year's value. Some economists suggest the stubborness of the Japanese

trade surplus is a temporary phenomenon, caused partly by huge demand for capital goods, including machine tools, in the US and elsewhere. However, US and elsewhere. However, the resilience of machine tool exports in the face of the high yen suggests other factors are at work. Exports to the US, for example, were flat in the first half because they are limited by a fiva year voluntary restraint agreement which has another three years to run.

It is in other markets, where It is in other markets, where US and West European rivals

would be expected to have at least a fair chance, that Japan has made the most headway. Exports to the UK were up 47 per cent in the first half, while those to West Germany were

up 4 per cent. In Asia's newly industrialising economies, the Japanese have done even better, doubling exports to Thailand, lifting them 43 per cent to Singapore and 25 per cent to South Force

Japanese producers admit that the high yen has hurt their margins on exports, but apparently not too much. "Wa still make a small profit on exports, but obviously not like in the demestic market." South Korea. exports, but obviously not fice in the domestic market," says Mr Kinroku Degawa, chairman of Hitachi Seiki, a leading maker of computer controlled lathes and machining centres.

Meanwhile, they have given no quarter in their huge bome market. The Japanese machine tool market is notorious for

tool market is notorious for being more resistant to imports than that of any other industrialised country. West Germany, still the world's larg-est machine tool producer. imports a third of its consump-tion. The US and the UK each import about half their con-aumption, while imports account for about 60 per cent of France's consumption and 32 per cent of Italy's.

Imports in Japan consist mainly of grinding, gear cut-ting and other specialised machine tools that Japanese makers do not produce. In the

ket—consisting of computer controlled lather and machin-ing centres—imports remain virtually non-existent. To an extent, this is not surprising.

The Japanese were the first to exploit the commercial poten-tial of computer-controlled machine tools in the late 1970s. developing low cost, high vol-ume production which Western makers have never matched.

However, Japaneso industry officials also blame foreign producers for not trying hard enough in Japan. They say foreign companies should set up direct marketing outlets rather than was trading companies. than use trading companies.

"When Japanese companies first tried to export, they used trading companies but the ser-vice was inadequate and there was not enough volume," says Mr Masahiro Murakami, dep-uty director of the international department of the Japan Machine Tool Builders' Associ-ation. "Nowadays, except for the small companies, all have representative offices in for-eign countries. Unfortunately, not many foreign companies are making an effort."

As in other sectors, the Japa-nese machina tool producers are starting to deal with the trade problem themselves. A few leading companies have established factories in the US and Western Europe and at least two have begun import-ing machines into Japan from their foreign plants.

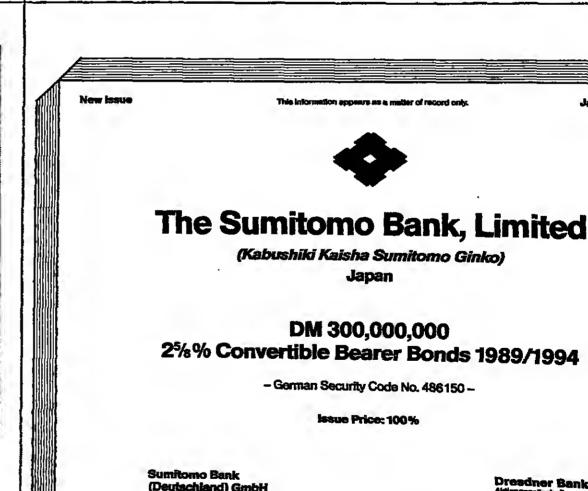
Yamazaki, for example, has factories in both the US and the UK. Okuma Machinery Works, another large producer, works, another large producer, said it too was planning US expansion, but had no plan to import machines into Japan. Hitachi Seiki, which already has a small plant in New York state, is nearing a decision to build another in Alabama.

It remains to be seen if these efforts are enough to prevent the emergence of fresh trade friction. Western European machine tool industry leaders. frustrated by the continued progress of their Japanese competitors, are already mak-ing representations to the EC Commission for protection and support along the lines of that being considered for the car industry. The pressure could prove difficult to resist.

January 30, 1989



Japanese were the first to exploit the commercial potential of computer-controlled machine tools



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UK NEWS

Government will step up spending on law and order

inflation.

wili be less. Retail price inflation is

next year.
While capital spending is set to increase to £27.1bn in cash

terms in 1989-90 from £25.9bn

in the present financial year, real spending adjusted for

congested, polluted, divided and more run-down Britain".

value of Government spending to below the levels of the early

He added that reductions in the budgets for regional aid, for environmental spending

and for women showed the emptiness of the campaigns

Mr Gordon Brown, Labour's

GOVERNMENT spending on law and order and transport throughout the whole of the United Kingdom will increase at a faster rate than spending on health in the coming 1939-90 financial year, according to Government expenditure

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plans. In its Public Expenditure white Paper (policy document) published yesterday, the Government disclosed that spending on law, order and "protective" services such as the fire ing on tive' i servis per c begin inc' i servis per c begin inc' i servis i serv service will increase by 9.35
per cent to £9.41bn in the year
beginning in April.
Spending on transport will
increase by 10.5 per cent to

Health service outlays for hospitals, community health services and family practitio-ner services are scheduled to rise by only 7.4 per cent to £24.51bn.

26.56bn_

The overall bill for health and personal social services, however, is set to increase by 6.8 per cent to £28.77bn in 1989-90 from £26.94bn in the

current financial year.
The White Paper, which was released in a new format and without fanfare by the Trea-sury yesterday, presents the Government's spending plans for the coming financial year and 1990-91 and 1991-92 in greater detail than before.

Although the main outlines of the Government's spending plans have hardly changed since they were published in the Autimn Statement at the beginning of last November, the presentation of spending in the White Paper is given in more more varied form.

Whereas the Autumn Statement categorised spending by Government departments, the White Paper includes a break down of spending by function for the whole of the United

The analysis of spending by function casts a somewhat different light on planned health service spending in 1989-90 than did Mr Kenneth Clarke, Secrebity & State for Health,

At the time of the Autumn Statement, Mr Clarke high-lighted plantied spending on

Local plans overhauled in council white paper

By John Hunt, Environment Correspondent

A RADICAL change to the town and country planning system in England and Wales — giving much more power to district councils at the expense of county councils — is proposed in a Government White Paper published yesterday.

Mr Michael Howard, Planning Minister, said it was a move to give neople greater health in England alone with announcement that resources would rise by 9.5 per cent in cash terms, or 4.5 per cent in real terms after allowing for The overall figures for England, Scotland, Wales and Northern Ireland published yesterday suggest that the real intrease in health spending

move to give people greater control over their environment at grass roots level and "another substantial step on the way to a streamlined plan-

expected to rise to between 7.5 per cent and 8 per cent in the early part of this year.

Although inflation is expected to fall by the end of 1989, the planned 6.8 per cent increase in spending on health The proposals, likely to be the subject of legislation in the autumn, met a mixed reception. Some critics said that by weakening the counties' role they would remove an essen-tial layer of strategic planning and cause confusion at the disand personal social services in 1989-90 could represent a minimal increase or even a decline in real terms. The White Paper also disclosed a real decline in planned public sector capital spending

and cause confusion at the district planning level.

The White Paper, The Future of Development Plans, proposes abolishing the existing county structure plans which have statutory backing.

Under this system the counties draw up sweeping and

ties draw up sweeping and often detailed strategic plans with which the districts have to conform in making their

real spending adjusted for inflation will decline slightly to 224.35m from 224.45m.

The detailed breakdown in public spending drew a strong attack from the opposition Labour Party which said that Government making for a "more congreted polluted divided. local proposals.

Under the new scheme, the counties would only be able to make county-wide statements on broad issues, which would be merely advisory without lead bedding. legal backing.
District councils, however,

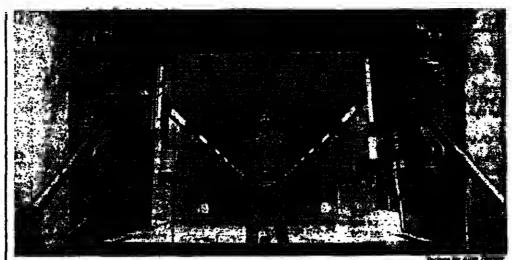
would be required by law to draw up local development plans, going into great detail on such things as bousing location. At the moment only 20 per cent of district councils have such plans.

The Government believes

Treasury spokesmen, said that the real value of total public sector tanifal spending would fall by 2000m over the next three years, a cut of 4 per cent. Capital investment in the health service would be among the areas cut, reducing the value of Government spending that these specific local plans will give much greater clarity to the system and speed plan-The White Paper says that the district plans "should nor-mally be given considerable

weight in deciding planning applications and appeals."

now being promoted by Mrs The Association of County Councils, the Council for the Protection of Rural England, Margaret Thatcher, the Prime "The fine tribt of the white paper reveals the Prime Minis-terial cambelgus are trusades without cash," Mr Brown said. and Mr Jack Cunningham, Labour's environment spokes man, came out against the pro-



A US servicemen outside one of the empty Molesworth hangers yesterday

Cruise missile base stands down

UNITED STATES Air Force chiefs yesterday officially marked the end of their cruise missile bese at Molesworth, in

eastern England.
The Soard Tactical Missile
Wing, which has been responsible for the operation at the

de-activated at a ceremony attended by senior US officers including General Marcus

son-acre have was officially removed from the base late last year after the arms agree-ment reached with the Soviet Union.

Anderson, Commander of the US Air Force in Britain.

Molesworth's 18 nuclear-tipped cruise missiles were all play in its defence plans.

Telecom market liberalisation planned by industry watchdog

By Hugo Dixon

LIBERALISATION of Britain's filbn-a-year private telecommu-nications networks market is planned by the Office of Tele-communications, the industry Watchdog. The aim is to boost the fast-

growing market for sophisticated services over telephone lines and to create extra competition for British Telecom, which still dominates the industry four years after priva-

Private networks are con-Frivats networks are con-structed by linking lines rented from telephone operators. The liberalisation would be the first such move in Europe, where public telephone opera-tors have traditionally kept tight control of what can be done with private networks. "Any observer of the UK

telecommunications markets most be struck by their richness of new ideas, new prod-ucts and new services," Oftel said in a consultative docu-ment published yesterday. "This is the result of liberalisation. Liberalisation allows

the creativity of many people to be brought to bear and the result is bound to be a strikingly more vigorous market than could be brought about hy planning under monopolis-tic conditions."

Oftel, however, made clear that it had decided on the matthat it had decided on the mat-ter. The burden of proof was on people opposing liberalisa-tion, it said, and their cases would have to rest on "care-fully constructed financial modelling."

The liberalisation of private circuits in the US to the 1970s

circuits in the US in the 1970s unleashed vigorous competi-

Newcomers rented telephone lines on a wholesale basis from the established operators and then sold capacity to third par-ties, exploiting the fact that the price of private networks was artificially low.
It does not seem likely that

liberalisation will work in quite the same way in the UK, because BT has increased the price of private networks in

The main impact is likely to be on companies which need private networks and those which use them to provide sophisticated services to third parties - so-called value-added

network services.

Oftel is planning to abolish restrictions on using private networks for ordinary conver-

The industry watchdog believes that the move will encourage companies to enter the market for value-added network services.

At the same time, companies established in the market -which include International Business Machines, the computer company, Reuters, the news and financial information agency, and the London Stock Exchange - will be able to offer rival voice services to BT over their private networks.

Further deregulation for busi ness users of public telecommu-nications systems, Oftel, Atlan-tic House, Holborn Viaduct, London ECIN 2HO.

Poor harvests, EC reforms leave farm incomes 25% lower

By Bridget Bloom

BRITISH farming income fell by 25 per cent last year, affected by another year of poor cereal harvests and the continuing reforms of the European Community's com-

mon agricultural policy.

Ministry of Agriculture figures yesterday showed aggregate farm income from Britain's 140,000 medium to large farms fell from £1.5bn in 1967 to £1.1bn last year, down 25.1 per cent. On another toessure, the

cash flow of farmers and their spouses fell 21 per cent in cur-rent prices and 24.5 per cent in

The decline in income masks big differences between sec-tors, confirming that, while pig and poultry producers have fared worst and cereal produc-ers are not far behind, dairy farmers have seen their

incomes rise.

Dairy farming income rose by some 25 per cent last year, evidence that the introduction of EC quotas on production five years ago has enabled farmers to rationalise productions. tion without losing income. Sheep and beef farmers in the hills, maintained by sustained high support from Brussels, also saw income rise.

However, while the average net income of an English dairy farmer is shown as increasing from £15,200 in the 12 months to February 1987 to £18,500 in 1987-88, the average for cereal farmers fell from £16,400 to £8,000 in the same perl od - which does not take account of last year's rather poor harvest nor of further price cuts.

Three of the last four harvests have been poor and farmers are being particularly badly hit hy the price cuts and other cost-paring reforms of the EC's farm policy.

The net income of Britain's poultry and pig industries, which are barely supported by Brussels and traditionally cyclical, are shown at record

ws. The Ministry sought to mitigate its findings by drawing attention to Inland Revenue figures showing that on average farmers carned only 50 to 60 per cent of their total tax-able income from farming. It produces no new detailed fig-ures, but it is suggested that farmers earn some 15 per cent of total income from other ments account for the rest.

Norton seeks pledge over intentions from Bowater

By Andrew Hill

NORTON OPAX, the specialist and scrurity printing company, claimed yesterday that Bowa-ter Industries, the packaging industrial products group, had refused to rule out a bid for Norton within the next year,

The printer said it asked Bowater for the guarantee as part of an increasingly hitter wrangle over the packaging company's 24.4 per cent stake in Norton. The Takeover Panel yester-

day confirmed that it was forcing Bowater to sell 1m ordinary shares - just under 1 per cent of Norton's voting capital. Bowater's purchase of the stake 10 days ago broke the Takeover Code's "substantial acquisition of shares" rules.

However, Samuel Montagu the merchant bank advising Norton, wants Bowater to cut its stake to below 15 per cent, and the full panel is to meet tomorrow to consider the

bank's appeal.

Norton told Bowater it could keep the bulk of the stake, if it promised not to bid within a year. But the packaging group refused to rule out a takeover. It is still deeply suspicious of Bowater's intentions despite its

claim that it intends to be a supportive shareholder. Hoare Govett, Bowater's stockhroker, acquired about 23.7 per cent of Norton from Mr Robert Maxwell's Bishopsgate Investment Trust on January 20 at 170p a share.

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flexibility on Europe merger laws

By William Dawkins in Brusseis

BRITAIN yesterday showed BRITAIN yesterday showed new flexibility over long-dead-locked plans for regulations to control European Community mergers, but pledged to fight EC attempts to boost worker participation.

"We are gradually getting there," said Lord Young, Britain's Trade and Industry Secretary, after his first meeting in Brussels with Str Leon

ing in Brussels with Sir Leon Brittan, the recently appointed European Competition Com-

missioner and a former UK industry minister.

The UK is withholding support for the merger scheme, which would oblige all big cross-frontier takeovers to seek first anti-trust clearance from

the Commission.

Lord Young said the timetable for agreement was "slipping towards the second half of
this year," an unusually firm
suggestion that any accord on mergers is possible from an otherwise deeply sceptical UK Government. He said the main problem was to ensure that mergers did not have to seek double clearance from Brussels and from national competition

The scheme, which needs unanimous EC support also poses problems for West Ger-

many and France.
The minister criticised another Commission proposal to allow merged companies to incorporate under a European statute, on condition that they guaranteed minimum levels of worker participation. "We want a social Europe, but its not about job protection...it's about enterprise," he said. Britain could not support an EC company statute that included co-determination.

UK hints at | Government suffers defeat on Companies Bill

Political donations may need shareholder backing

By Ivor Owen, Political Correspondent

COMPANIES may have to seek the specific approval of their sha reholders for dona-tions made to political parties as a result of a 13-vote defeat inflicted on the Government in the House of Lords yesterday.

An amendment by the opposition Labour Party to the Companies Bill - carried by 106 votes to 93 - will, if left

unchallenged, provide share-holders with an opportunity to oppose political donations.

They would be able to do this without having to vote against the entire annual report and accounts and possi-bly causing a catastrophic fall in the company's share price.
At least one Conservative back bencher, Lord Morris, joined with peers from all sec-tions of the opposition benches

By Our Beliest Correspondent

yesterday published further details of the plan for tackling

the social, economic and envi-

ronmental problems of the most disadvantaged areas in

The proposals are contained in a document called "Strategy for Action" published by Mr Richard Needham, Northern Ireland's Environment Minis-

It outlines how the public

and private sectors, together with voluntary and community

groups, can contribute to

GOVERNMENT

The Government now has to decide whether to seek to over-turn the decision when the Bill is sent to the House of Com-

Lord Strathclyde, a Government spokesman, urged peers to reject the amendment on the grounds that the existing safe-guards were satisfactory. These required companies to disclose political donations of

£200 or more and Lord Strathclyde said this was adequate. While there was no require-While there was no requirement to secure the prior approval of shareholders for such donations, it was possible for those who objected to raise the matter at the company's annual meeting and their views would be taken into account by the board.

Lord Strathelyde said the Government considered the

Government progresses plan to

"making Belfast work" - the

project announced six months

ago with an initial allocation of filom in the current financial

The programme aims to

increase economic activity, reinforce local enterprise, improve the quality of the environment, and equip the people of disadvantaged areas to compete successfully for available employment.

The initiatives include new training schemes, grants of voluntary and community groups, work on health facili-

groups, work on health facili-

se economic activity,

tackle Belfast deprivation

amendment to be "wholly unnecessary."
He described attempts to

equate the political donations madeby companies to the polit-ical contributions made by individual trade unionists as a

"false analogy."
Lord Rochdale (Social and Liberal Democratic) said that the "clandestine way" in which some companies had been making contributions to the Conservative Party made the approval of such an amendment "more urgent than ever." Lord Morris challenged the Government to explain how it was possible to "square" its objections to the introduction

of voting rights for sharehold ers on political donations with its earlier actions introducing legislation conferring sucl rights on trade unionists.

ties, and the establishment of additional action teams to

oversee the economic rejuvena-tion of areas hlighted by unem-

Mr Needham said: "We are

determined to improve condi-tions wherever and whenever we can. A further 255m has

also been provided for the next three years, in addition to the aubstantial expenditure already allocated, and govern-ment departments are now fin-

alising details of action pro-

grammes which will be published in the spring."

NEI plans assembly of W German diesels

By Nick Garnett

NORTHERN Engineering Industries is to assemble and market large diesel engines supplied by Motoren und Turhinen Union (MTU), a wholly owned subsidiary of Daimler-Benz of West Germany.

The deal is one of a series of marketing and production agreements negotiated recently by the Newcastle-upon-Tyne ed power station equipment and general engineering group.

NEI's Crossley Engines company in Manchester, which
makes French-designed Pielstick engines under licence, will assemble engines initially from components supplied by MTU from its main production plant at Friedrichshaven. NEI said the aim was to build up UK component content.

The agreement signals NKI's interest in breaking into the market for railway diesels.

Crossley, which employs 150, Crossley, which employs 150, produces engines up to 13,500hp, all of which go into marine applications, usually for the Royal Navy. It is at present building engines for two auxiliary oiler replenishment(AOR) ships. MTU diesels range from 50hp to 10,000hp. NEI said Crossley aims to offer MTU-designed power units to MTU-designed power units to British Rail, as well as to the Royal Navy and other potential

The company said it would continue to supply Pielstick-de-signed engines.

NEI has been involved in a number of joint deals recently with other companies. Some analysts say that these agree ments strengthen NEI's posi-tion in the market place, but indicate that it is becoming a licensee of other people's tech-nology, possibly at the cost of

London **ESSEX** BR's options for high-speed routes Route 1 Canterbury Route 4 **KENT** Route 1 & 2 Route 3 & 4

British Rail takes a local line to sell Chunnel link

Kevin Brown looks at the forthcoming decision on which route the trains will ply across Kent

AN AIR of slege is developing in Mr John Welsby's office on the sixth floor of Euston House, British Rail's recently refurbished London headquar-

Mr Welsby, BR's international director, has the unenvi-able task of recommending to the British Railways Board which of three proposed routes through the county of Kent should carry the 180mph trains which will speed passengers to

the Channel tunnel. With only a few weeks to go before his decision is announced, Mr Welsby con-cedes that "things are hotting up a bit."

Unexpectedly, he draws com-fort from Kent County Coun-cil's recent response to BR's consultation document, which rejected all three proposed routes, and called for a compre-hencive rethink

The source of comfort is the council's conclusion that BR is right to forecast that it will run out of capacity for interna-tional trains on existing track by the mid-1990s, and that new track will therefore be

required.
"This is a useful starting point for discussions, becau at least they are agreeing with one of our basic premises," Mr

Welsby says.

Two premises underlie the BR case for the high-speed link, both have their roots in ents first put by Mr Alastair Morton, chairman of Eurotunnel, the Anglo-French consortium which is promoting the tunnel.

BR took some time to accept Mr Mortou's arguments, but now embraces them wholeheartedly. They are:

 Channel Tunnel trains will have to run on existing track from the tunnel openin date in 1993 until 1996 at the earliest, because it will take that long to build a new line. But on most traffic forecasts, that date coincides with the point at which BR will no longer have sufficient existing capacity to satisfy demand;

• The chosen route for the high speed link must offer the highest return by catering for both international and domestic trains - though not freight

This means that it must take the shortest possible route to London, to minimise international journey times, and must also provide for a big improve-

ment in local services. Some opponents of BR's

plans have tried to undermine the case for the line by claim-ing that it would cut only five minutes from the journey time from London to the tunnel portal, which would pale into insignificance in the context of

a three hour journey to Paris. BR dismisses this as "a delib-erate misunderstanding" based on a comparison between 186mph running and speeds of 125mph, which would be possi-ble if existing track was upgraded. In fact, average speeds on

the upgraded track on which the first trains will run in 1993 will be 60mph, which means they will take 70 minutes to get to the tunnel. A high-speed track, by contrast, would cut the journey to 40 minutes. The rationale for the new

infrastructure is capacity, not time related." Mr Welsby says, "We are not doing it to get to the tunnel five minutes quicker, we are doing it because we are going to run out into problems of overcrowding on the domestic Kent operations, and we are going to be limited on the number of trains we can run for interna-

tional operations.
"But if it is absolutely easential that we build a new line - and it is - then we have to consider the standards to which it is built, and it makes sense to construct it to take

high-speed traffic." Having said this, Mr Welsby putting increasing emphasis in the next two months on the domestic users of high-speed track - which it hopes will prove a substantial carrot to some people in Kent. Contrary to some reports, it

would not be technically difficult to slot a number of 125mph commuter trains into a pattern of 180mph international traffic.
For example, BR says it

plans to run 125mph commuter trains from Ashford, which would cut the journey time to London from around 65 minutes to 35 minutes.

Through trains from Dover, Folkestone and Ramsgate would bring the East Kent coast within an hour of Lon-

Mr Welsby insists that he is still considering all three pro-posed rontes and angrily denies claims from some of those protesting against the Kent links that route three (see map above), which would have to be built on viaducts through the Weald of Kent, was intended simply as a smoke-

This will come as a disappointment to those, such as Mr Jeffrey Gaynor, planning direc-tor of Sevenoaks District Council, who think this route is "on

the back burner." Nevertheless, all the indications are that the chosen route will be a variation on routes

one and two. BR has been severely criticised in Kent for giving insuffi-cient attention to the cost of remedial work to minimise the noise nuisance caused by high-speed trains, and for fail-ing to carry out a detailed envi-ronmental impact study of each route.

Some protesters have also claimed that the project's via-bility could be affected if the cost of environmental protection is so high as to prevent BR earning a return of 7 per cent

on capital employed, as required by the Government, BR's answer is that the cost estimates published alongside the route corridors contain an allowance for euvironmental protection, though probably not to standards which would satisfy Kent County Council.

This allowance accounts for less than 10 per cent of the estimated costs of £1.2bn for route one, £950m for route two, and fibn for route three. However, BR says its cost-

ings are only estimates accurate to plus or minus 30 per cent, which leaves pleuty of ronmental spending. In any event, environmental

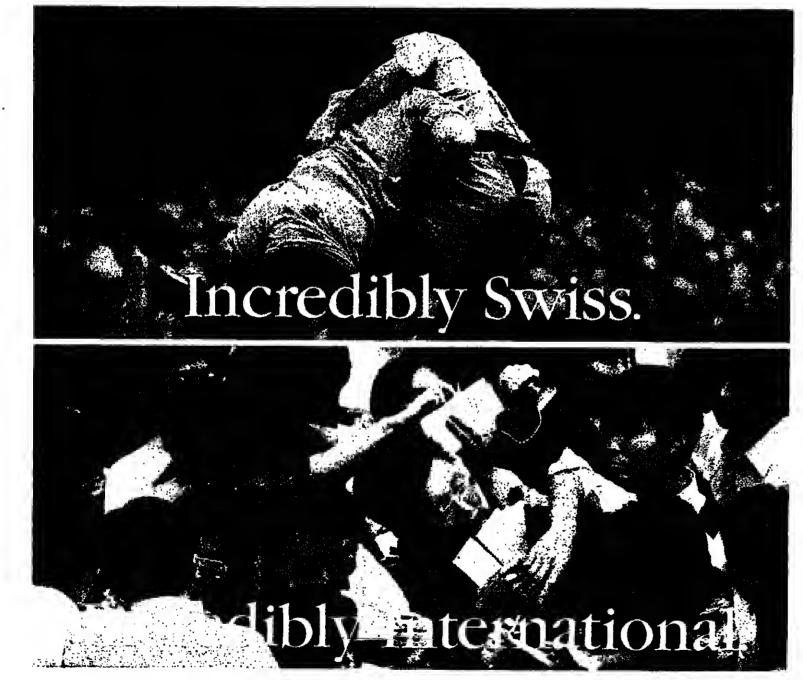
speuding is something of a moveable feast. For example, parts of the track will be built in tunnels or cuttings for operational reasons. But that will also have the

effect of reducing uoise nuisance, so the apparent spending on environmental protec-tion could be bumped up by transferring the cost from one heading in the accounts to another

There is a further point the line is most likely to be constructed, owned and operated by a private consortium, which would rent track time to BR for both international and local

This would mean that the private sector would take all the risk, and would avoid any requirement to meet a rate of return specified by the Govern-

It would also avoid any problems with the Ryrie Rules, which govern the use of private finances for infrastructure



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MANAGEMENT: The Growing Business

imon Dunne has built up an expanding property search agency employing 20 people, but feels an earlier period spent bumming around the world has left him without the discipline to plan his busi-

without the discipline to plan his business properly.

Hemang Badiani has taken over a pharmacy and now employs 13 people, but is uncertain how to manage his staff for fear a wrong decision would cause them all to walk out. Rosemary Forgan runs a successful television production company, but feels that while she works diligently she is not always working effectively.

They were among a group of 13 small business owners who last week attended a pilot two-day workshop on Time, Stress and Crisis Management being run by the London Enterprise Agency (LEntA).

Time and stress management techniques have traditionally been offered to management in large companies. But

to managers in large companies. But setting up and running a small business create particular pressures, both business and domestic uncertainties are experienced to a far greater degree. The small businessperson has less opportu-nity to delegate responsibility than the

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mity to delegate responsibility than the manager in a large organisation.

"We had so many people come to us and say I run out of time to do things. I feel lonely. I can't share my woes with my employees." There was a need for a course specially tailored to small businesses," says Karen Langdon, LEntA's training manager.

Dorothy Badrick, a former drama teacher turned training convertions.

begins the workshop with two questions for participants. Why did they go into business and what is their objective in life? Some have set up in business. tive in Me? Some have set up in busi-ness to make money or contribute to the community by creating jobs. For the majority, though, the aim is to gain control of their lives. Their objectives in life include freedom, happiness, per-sonal development and peace of mind. "Health, wealth and loads of fun," is how Dunne describes it. It is here that the first conflict and

It is here that the first conflict and source of stress can arise. "You want to call the shots but you cannot control time totally," says Badrick. "You set yourself the goal of happiness and fun, but then lose sight of what you are here

To counter the feelings of inadequacy and guilt which can arise, Badrick rec-ommends that participants write down their business objectives and also their goals in life. Both should be displayed on a notice board or in a diary. "Have your objectives where you can see them," she urges. "You have to remind yourself on a daily basis what you are seeking."

Often the small business owner becomes trapped in a vicious circle. He or she works too hard, becomes tired and achieves less than expected. He and achieves less than expected. He redoubles his efforts but gets even more tired. Friends urge him to slow down, but he has become so embroiled in work that he loses his sense of perspective. He continues working longer hours to less and less effect and finally ends up having an accident, a heart Time and crisis management

Health, wealth and loads of fun'

Charles Batchelor attends a course on ways of achieving business and personal objectives



attack or a nervous breakdown. "There are times of crists when you must work very hard but don't do it for too long or too often," warns Badrick.
Saying no is an important part of pacing yourself. Small businesspeople hate turning sway customers for fear they will be lost for ever. But if they cannot deliver on time because of pressure of deliver on time because of pressure of work they will just as surely lose the

Caroline Coates, who has a fashion business, says she has said no to requests to sit on a fashion industry counsities — but then she already sits on four. The other members of the course, however, are unable to think of occasions when they have said no.

The workshop now moves on to the question of how each of the participants spends his or her time. In a balanced week, Badrick suggests, the business-person should spend 25 to 30 per cent of his time at work, between 45 and 55 per cent on "maintenance", including sleep, travel, cooking, eating, cleaning, and 20 to 25 per cent on leisure activities.

A quick survey of the people on the course shows that everyone spends too much time at work or on maintenance and too little on leisure. The highest leisure score - 20 per cent - comes from Fiona Robbins, a textile designer who is still setting up a greetings card . Simon Dunne, who lives just a 10-minute walk from his office, spends only 4 per cent of his time on leisure activities, while David Roe, who has a gardening and landscaping business, scores a meagre 5 per cent on leisure.

These low leisure scores indicate significant levels of stress and suggest that the course participants are letting

that the course participents are letting maintenance activities "contaminate" much of the time that should be

devoted to pure leisure, Radrick says. Stress, when it does occur, takes many forms. It can show itself as tiredness, aches and pains, a lack of concentration, loss of confidence or a feeling of dread. Whichever occurs, it should be taken as a warning symptom, in the same way that pain is a warning of physical damage — that you are doing too much, says Badrick. She suggests three ways of coping

with stress: · Accept the situation. An important e Accept the situation. An important customer may always pay late, if nothing can be done to persuade him to pay on time, the supplier may have to accept that nothing can be done. Merely taking the conscious decision not to worry any longer but to accept that payment will always be late puts you back in control of the structure and back in control of the situation and reduces stress.

• Avoid the situation, Deciding you

will do no more business with that par-

ticular customer removes the cause of

· Solve the problem or change the situation. Remind the customer of your terms of payment in the hope that he will improve his speed of payment. If this falls demand payment in advance. Hemang Badiani says that discussing business problems with his father, who

handles the finances of the pharmacy, leads to a confusion of business and family affairs. He resolves not to discuss husiness matters at home in

firture. Unpleasant, stressful situations are frequently prolonged because the busi-nessperson is unable to take a decision on how best to resolve them. Several of the course participants have delayed sacking members of staff because of the

sacking members of staff because of the unpleasantness involved.

Difficult tasks should be tackled early in the day. The unpleasant phone call to chase up payment is best made at 8.30 am. You will probably catch the person on the other end off-balance and the unpleasant task will not be banging over you all day.

the unpleasant task will not be hanging over you all day.

Complicated jobs which you tend to put off because they require a lot of time and effort should be broken down into manageable sections. "Dig holes" in the big jobs, says Batrick. Once you have made a start it is easier to pick it up later.

Setting priorities is important if johs are to be tackled in the proper order. are to be tacked in the proper order. This prevents the unimportant, simple jobs always being done first, pushing the larger, more difficult, projects to the back of the queue. But beware of letting your priorities become dominated by what others regard as urgent. Important jobs are urgent, but not all urgent jobs are necessarily important, she warres.

However much you plan shead, crises will inevitably arise. Cash flow may suddenly dry up, leaving you unable to pay the weekly wage hill; a key member of staff may die or leave; the landlord may decide not to renew the lease.

When this happens, says Badrick, do not react with the first idea that comes into your head. Stop, think (for 30 seconds, 30 minutes, or 30 hours if necessary) and decide on the order of priorities.

Review the options you should have considered in advance for handling whatever situation has arisen. Then act on what you have decided. Many people plan for emergencies but fall to carry out their plans. Finally, when the crisis is over, evaluate how well you have handled it and if necessary modify your contingency plans for the future. The course participants leave with a variety of plans for the future. One

intends to tackle a staff problem; another to set priorities; several have plans to take a greater amount of lei-sure. "Plan where possible for crisis," says Badrick. "But accept that there will always be uncertainty and insecu-

Another course is planned for March 21-22 at LEnth, 4 Snow Hill, London ECIA 2BS, tel 01-236 3000. Cost ETO, but free to those in business for less than a

Entrepreneurs

The folk heroes of today

Charles Batchelor reviews a history of some Britain's finest

ritain has created an Britain has created an enterprising business community from fairly barren soil over the past decade. New businesses are being set up at the rate of 200,000 a year, more than 100 new venture capital companies have sprung up and management buy-outs have emerged as a popular method of revital-ising tired businesses.

And yet, for all the razzma-tazz that accompanies the newly discovered enterprise

culture, relatively few folk heroes have emerged. How many of the 650 millionaires who have been created by floating their companies on the Unlisted Securities Market are known outside their own

industries?
The Americans, it seems, are much better at promoting their business heroes and creating role models. The story of how Steven Jobs and Stephen Wozniak, both barely out of col-lege, founded Apple Computer is perhaps the best known.

Slowly, however, the stories of entrepreneurs who have made it in Britsin are starting to emerge. "Entrepreneur: Eight British Success Stories of the 1980s by Paul Burns and Tony Kippenberger traces the bistories of 14 businessmen and women who between them have started eight very suc-

cessful businesses.

Sophie Mirman and Richard
Ross, who set up Sock Shop
International, and Bob Payton,
the American founder of the My Kinda Town chain of restaurants, have already achieved a fair degree of recognition, helped in Payton's case by his pithy criticism of British attitudes to business.

But others are less well known. There is Cecil Duckworth, who set up Worcester Rugineering to make central heating boilers as far back as 1962, and Pamela Gray, founder of Sphinx, a software business. The 14 entrepreneurs have been selected because they have achieved rapid and profitable growth, often leading to a stock market quota-

ing to a stock market quota-tion, and because they illus-trate a range of industries.

Readers might be tempted to attribute their success to gov-ernment programmes to help ernment programmes to help small firms, to changes in the tax regime, to the establishment of the USM. But most of the entrepreneurs would have achieved their goals irrespective of these measures, the authors conclude.

So what makes for success?

The authors point to vision, perseverance, a willingness to take risks and a good business take rake and a good business idea, but show that there is no set formula. The backgrounds of the chosen entrepreneurs provide no clue to their ultimate success. Only three (Richard Gahriel of Interlink Express, a parcels delivery company, and the two Sock Shon founders) had self-am-Shop founders) had self-em-ployed parents. The others had either working class or profes-sional backgrounds.

Many people dream of starting up on their own but most need a trigger to get them to act. David Bruce, founder of Bruce's Brewery, grew frus-trated with his career pros-pects with one of the large brewers. Payton faced the pros-pect of being transferred back from London to New York to a job he did not want.

All the entrepreneurs had

partners, either family or business colleagues. Mirman and Ross were husband and wife, while Arun, Nitin and Milan Shah, founders of Pepe, a clothes wholesaler, were brothers. Whereas the family partnerships survived, not all the non-family relationships endured. Psyton, Bruce and Duckworth all bought out their original business partners. Perhaps the most intriguing aspect of success is the personal qualities that are needed. Stamina and the ability to work long hours amoent to be partners, either family or busi-

work long hours appear to be an important ingredient. This is allied with tenacity. Gray worked on her business kies for seven months before she got backing, while Robert Wright, founder of Connectair, a commuter sirine, spent 18 months seeking support.

The products with which these entrepreneurs made their money were by no means revolutionary. They were just suffi-ciently innovative to differentiate them from the competition. Interlink Express made imagi-native use of information technative use of information tech-nology to speed up parcels delivery. Sock Shop was based on the simple idea that there would be demand for specialist shops selling socks and tights. The authors say they hope the book will inspire some readers to make their dreams come true, Some of them may, but others will be more can-tious.

for instance, at one recent presentation of the book, Burns and Kippenberger were asked if they were not worried that they might be encourag-ing their readers to take risks and court disaster. *Macmillan. 228 pages, £12.95.

In brief...

Sixteen of Britain's local enterprise agencies have established computer link-ups to two business databases with the aim of providing a more efficient service to their small

business clients.

The agencies will provide access to two University of Strathclyde databases on sources of government assis-tance on the regulations gov-erning business in Britain.

The agencies participating in the scheme are in Black-

burn, Bolton, Bristol, Cambridge, Doncaster, Milton Keynes, Newcastle upon Tyne (Project North East and ENTRUST), Plymonth, Run-corn, St Helens, Sheffield, Shropshire, Glasgow, Deeside, Merthyr Tydfil and Ogwr.

Britain's third Government Business Shop, intended to give small businesspeople direct access to Customs, Inland Revenue or Social Secu-rity officials, has been opened in Manchester.
Further shops will open in the coming weeks in Newcas-

tle upon Tyne, Reading and Donester bringing the first phase of openings to six. Shops have already opened in Glas-gow and Merthyr Tydfil. The Manchester shop is

based at the city's Small Firms Centre in Deensgate. As well as giving practical help on matters such as registering for VAT and PAYE the centres will have access to the full range of advice and conselling statistics. ling services for small firms. The first six shops represent

a pilot scheme which will be evaluated to see if changes should be made in future.

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LONDON CELEBRATES THE BICENTENARY OF THE FRENCH REVOLUTION

Musical'Images de France'

Barbican Hall

The bicentenary of the French revolution seems set to stir up as much musical activity in London as in Paris, Several battalions of concerts are at present preparing to march on the capital. This LSO pro-gramme on Sunday, part of the advance guard in the Barbi-can's "Images de France" series, looked as though it might have the qualities to rise above the rank and file, but in the event it did not. but in the event it did not.

The true feeling for style in French music is regrettably an elusive one. In both the Ravel and Berlioz halves of this concert the conductor Stanislaw Skrowaczewski showed that he skrowaczewski showed that he has an ear for the special colours and atmosphere that French composers can draw from an orchestra, but that in itself should never become an excase for self-indulgence. Ravel, in particular, used to get very impatient with per-formers who failed to keep his

music on the move.

At several points in this performance of his song-cycle Shéhérazade the pulse virtually seemed to stop a shame as the soprano Arleen Auger might make a well-nigh ideal interpreter of the piece in the tradition of lighter sopranos

BARBICAN HALL

On Sunday, in the last of her three recitals in the Barbican's "Images de France" series, Miss Ousset played Chopin and also made one of her rare forays into postwar music. Henri Dutilleur's 1948 Piano Sonata is cool but viebly via

Sonata is cool but richly pia-

mistic for some twenty-five minutes, one of those works which risks being more rewarding to play than to

Since Ousset's sheer pianism at its best — which one expects it to be in just such

civilised-but-demanding music - is itself generously reward-

ing to hear, she is an ideal

The Sonata marked the emergence of the mature com-

poser. He was already 32, with

his elegant "Les Six"-ish sona-

tinas for flute and for oboe

(still firmly entrenched in the

repertoire) well behind him; but all the composers of his generation had had their

careers fractured by the war.

The keyboard diction of his

Sonata has much in commou

with Samuel Barber's (written

for Horowitz a year later, and

similarly more appealing to

ward-looking critics), and beyond its Ravellian sonorities

it harks back also to respected

lesser forebears: Honegger in

the opening movement, the Skryabin of the Poème-Noc-

turne, in the central "Lied," even Gabriel Pierné's noble

but forgotten C minor Varia-

tions in the closing "Choral et variations."

no less a hand-me-down make-shift than Pierne's, the musi-

cal texture of the rest is real

Dutilleux. Angular, narrow-

If the strident percration is

Cécile Ousset

if only she had a light and fluid accompaniment to match. The shining purity, the grace, the sensuous allure are all there in the voice, but to reduced effect when each phrase of the vocal line is having to be split into two or

three.
As Berlioz's Symphonie fan-tastique proceeded, Skrowa-czewski fortunately picked up czewski fortunately picked ap-some momentum. By and large this was not a subtle perfor-mance and passages at less than total voltage evinced lit-tle more than the minimum concentration and care over detail in the playing. But the last two movements worked on a basic level, with blazing brass and thamping bass drum driving home the most coarse of Berlioz's climaxes with undeniable showmanship.

For the London Symphony
Orchestra it was one of those

contradictory evenings: some exciting, even virtuoso work for full orchestra could be heard alongside sour wind intonation and untidy string playing. The louder the better seemed to be the rule for orchestral ensemble and that is not necessarily a profitable course, even in this symphony.

Richard Fairman



Detail from "Abduction of a Woman by Norsemen in the ninth century" by Everiste-Vital Luminals, 1896

République personified William Packer visits the Hayward Gallery

This is the year which sees the celebration of the bicentenary of the Fall of the Baster with the set. the Fall of the Bas-tille, if not quite yet of the set-ting up of the First Republic with those more particularly sanguinary associations that a loyal subject of the Crown must still deplore. But even so it is only right to pay some neighbourly attention.

La France: Images of Woman nd Ideas of Nation 1789-1989,

already fills the upper galleries of the Hayward (until April 16:

concurrent and joint-admission

clear, the show addresses itself directly to this delicate issue of

national personification, which

may seem a shade impertinent

on our part, as it were to

intrude upon a private vanity. Certainly the French them-

selves seem not to have been

entirely sure of our intentions,

at least at first, and by no

means all the major loans that

were sought were made available. If the French are reas-

sured in the event, as they

should be by a delightful and affectionate exhibition, they might also be, like us, regretful

that it is half the show it might

Tant pis: and impertinent or

not, the national self-image and symbol is a matter to

which we too may lay claim.

We have Britannia who, in a more lively age, was modelled on a royal mistress. But how

As the title itself makes

with Leonardo da Vinci).

gauge motifs are refracted through many angles, and they generate both the idio-syncratic harmonies and the brilliant figuration in all its Instead of "symphonic" argument or debate in the manner of the Austro-German Revolution Revisited is the particular contribution of the South Bank Centre, a festival of all the arts organised in association with l'Association Francaise d'Action Artistique, in a programme that is to run from March 11 until June 11.

manner of the Austro-German sonata, we get opalescent friezes with tantalising, intricate depths, and a conscious economy of material which was new in France — a kind of serialism without the numerology: Dutilleux was finding the same route as Lutuslawski and Berlo from a different starting-point. Miss Ousset did balanced, gleaming justice to the Sonata, as earlier she had done to Chopin. Her account of his late op. 61 Polonaise-Fantaisie - a marvellous other-worldly plece, terribly difficult to bring off in concert - was

liquid variety.

broad and limpid, uncom-monly convincing at its under-prepared climaxes. In the four great Ballades, typically, she intruded no rubato personality (no special nuances in the Andantino section of the Second, the win-some second subject of the Third nor in the F minor crypto-waltz which is the heart of the Fourth: all taken quite straight), but she measured their grand designs to a dramatic nicety. And as usual, her syelte solutions to all the technical hazards were an object-lesson to other pianists: her combination of Black Belt prowess and self-effacing poli-

David Murray staid and even pompous she

tesse is treasurably rare nowa-

has now become, staring abstractedly into the Imperial sunset. There she sits, regal, ceremonious and anthoritative, an aloof abstraction more than anything of flesh and blood. Were we ever to think of modifying that stately image, would the issue become a matter of national debate, to choose between the most beautiful of our actresses? Doubtless we mould leave the artist to find would leave the artist to find

his own model, as before.

By contrast, Marianne, to the Frenchman, is very much a creature of flesh and blood, and her current identity a mat-ter of some importance. Miss Catherine Deneuve is by now But as its harbinger and major feature so far as the visual arts are concerned, the exhibition, so much more than a brilliant actress and unfairly beautiful woman, and the question lies much deeper than whose should be the head on the nev postage stamp. A Frenchman pointed out to me the other day that in our Queen, of course, we already have our living image and embodiment of the nation, and thus have no fiction to maintain. Indeed so, which only makes the need

itself and its particular manifestation all the more intriguing. Does the Dutchman or the German, the Italian or the Spaniard, or the sentimental American care so much, and does he too see his nation in the image of a woman?.
The French Revolution, and

the Liberty to which it laid claim have also frequently been personified in the figure of a woman, most notably of all in Delacroix's great image of Liberty leading the People, which we should remember relates to the Revolution of 1830, which simply replaced one King with another. But la France does not quite see her-self as the abstraction of Revo-lution, nor even of Liberty. Marianne is altogether more personable, varioue and

humane. We may settle for a regal presence, hedged about with all the constraints of conventional discretion, performance and social expectation Marianne, daughter of the Rev olution and younger sister of Liberty, seems more real in her personality, free even to misbe-

At once Earth Mother and coquette, national saviour and yet seductress, she is all things to all men – that is to say, all Frenchmen. She is Jeanne d'Arc, Mary, Queen of Scots, Charlotte Corday, la Goulou. She is Geoffroy's innocent who clutches her anniversary bouquet, or Schegg's Jeanne, a child so serious in her white dress, as for her first communion. She is the Ferryman's daughter of Adan's print broad-hipped and active, or Boilly's Directoire siren. She is the eternal model, who takes off her blouse for Bonnard to take her photograph, or sits for Marquet with so oddly aggressive a calm, never so naked as with her black velvet choker at her neck, or Rodin's poor, doomed Camille Claudel. Ian Jeffery, who scoured the

provincial museums of France and Britain to find the material for this exhibition, sees Mar-cel's Albertine as the very type of Marianne, faithless, unpre-dictable and mysterious. "Where is Liberte and is République had high expectations, Marianne might be imag-ined as no more than an impressionable, fleeting young-ster on her summer holidays at Balbec . . She might respond to the steadying influence of an older or more prudent man, but at the same time har-boured secrets . . And Marianne herself might tire of old men, as she did in 1968." It is a very English view of her, and we know what he means.

Richard II

Shakespeare Company's cycle of history plays, images of lager lout jingoism and Falkland-style hullabaloo vivid from the enthusiastic press coverage, will find the most startling thing about the opening Richard II its old-fasbioned, conventional duliness. The Wars of the Roses, as director Michael Bogdanov and

actor Michael Pennington have actor Michael Pennington have named the cycle, comprises "the Henrys" – IV, V and VI, the latter's three parts remoulded into two – flanked by two Richards, Supported by the Allied Irish Bank, the company occupies the Old Vic until Moral of the Parameted tribulation. March 11. Permuted trilogies are performed on Saturdays from 10.30 in the morning, the weekend of Friday to Sunday February 24-26 sees the com-plete chronological cycle of

plete chroniological cycle of seven plays.

The effect must be cumula-tive. Certainly the production that launches the 90-year chronicle would have been in place in this very theatre 30 years ago. Atmospherically-in-tended anachronisms in cos-

Strangers to the English Shakespeare Company's cycle of history plays, images of lager lour jingoism and Falkbystanders - an under-react-ing lot whose caution is more suitable to the Plantagenet court than the modern English

stage. Chris Dyer's designs give us Chris Dyer's designs give us Regency opening scenes, with Richard as a young, slim Prinny: the Lords Appellant are Mr Gladstone's cabinet in striped trousers and morning-coats; and the King's murderers are natty-suited spivs. There seems no obvious significance in this blend of periods: recalling Mr Bordaperiods; recalling Mr Bogda-nov's "dolce vita" Romeo for the RSC — with its sports-car and swimming-pool — one wonders whether he is a pro-ducer happier with gimmicky embellishments than seeking

out the kernel of a play.
It is an odd *Richard II* where the Duke of York is star; but Colin Farrell's rublcund, side-whiskered mixture of John Bull and Colonel Blimp alone lifts the mood and reassures us that there is still life on stage

after an irretrievably waffly John of Gaunt has droped his

This is not to detract from Michael Pennington's Richard who boasts breath control that an opera singer might envy. He spins a fine vocal line; excels in the childish tantrums fining into petulance against time breather and invester; and ing into petulance against time-honoured Lancaster, and displays a nice line in whitnst-cal mockery at his abdication. He seems unsure of whether the great renunciation at Fint Castle is angry or ironic, feigned or serious (and gets no help from Bolingbroke er el who stare stolidly at the audience as if seeking a cluel. His real fury is aroused at the final outrage: vows to God's anninted have been broken. Nothing personal. Perhaps this is why Mr Pennington's clear, well-spoken performance is well-spoken performance is ultimately unrecoving nothing personal. We must wait and see if the director's populist brand of rollicking modernity can breathe life into the later

Martin Hoyle

Turandot

THEATERMANUFAKTUR, WEST BERLIN

When both Bast and West Berlin theatres celebrated the Berlin theatres celebrated the 90th anniversary of Bertolt Brecht's birthday this past year, it was the Berliner Ensemble's long-running Die Dreigroschenoper (The Threepenny Opera) — originally produced at this same (previously known as) Theater am Schiffbanerdamm in 1928 — that drew the most attention drew the most attention.

However, there was also an eyecatching production of Leben des Galilei (Galileo) at the Volksbühne, imported from the Teatro di Roma. And, in West Berlin, the Theatermanufaktur am Halleschen Ufer presented the rarely performed Turundot oder der Kongress der Weissudscher (Turandot or The Congress of Whitewashers), Brecht's last incompleted play before his death of a coronary

thrombosis in 1956. The Halleschen Uter stage hasn't changed much from the glory days of the resident Berliner Schaubühne, which has now moved downtown to the Lehniner Platz. It is still utilised as a mobile space fitted to

the conceptual needs of the production in progress by a young ensemble seeking to make its mark. As for Otto Zonschitz's production of Zonschitz's production of Brecht's Turandot, the inspira-tional source appears to be Ari-ane Mnouchkine and her Theatre du Soleil preferences for a elevated squared playing surface, musically intoned cho-reography, and expressive resels and costumes.

masks and costumes.

Zonschitz introduced an original element, however, to make the Theatermanufaktur production something special. Towards the middle of the second act, during a politically pregnant whitewashers' con-versation, one can pick up traces of Brecht's own altercation with American Congress-men at the McCarthy Hearings, as well as hints, or echoes, of the writer's increasing distillusionment in his last years with Stalinist whitewashing methods. Thus, as a fragmented "political comedy" set in far-off China, *Turandot* has much to say not only about pseudo-in-tellectuals in general — in the Theatermanufaktur's version, the "Tuis" are attending a modern-day media conference

- but also about the artists
and politicians who cowed to Stalin and subsequent corrupt neo-Stalinists under Brezhnev during the recent "period of stagnation" in the Soviet

Union.
Given even the drawbacks of an amateur ensemble, the Theatermanufaktur and several eral other "Off-Theater" groups in West Berlin can revel in staging more challenging and provocative theatre than that found in the heavily subsidised houses. Save for the Deutsche Oper Berdin, theatre lovers find themselves gravitating these days to one or other of the score of recognised fringe groups rather than wasting time at the Schiller-Theater, the Freie Volksbühne, and even the Schanbulme on Lehniner Platz, all of which are ourrently going through either a directorial change or a creative

Ronald Holloway

Brigitte Fassbaender

WIGNORE HALL

If any contemporary mezzo was going to take on the chal-lenge of Winterreise It was likely to be Miss Fassbænder. She unveiled her account of the greatest of all song cycles at the Hohenems Festival in 1987, and brought it to London for the first time on Friday with the planist Markus Hinterhauser, barely two weeks after Hermann Prey's memora-ble account in his South Bank Schubertiade. Fassbaender's was equally memorable, and very different; unlike Prey, she has not yet refined all its aspects into perfect accord, and there are still isolated songs that she seems to be exploring from the outside rather than illuminating from within, But so much is caught exactly, so many verbal nuances are picked up and conveyed, that the cycle is fired with the vividness that is recognisable immediately as this singer's

At no point did Fassbaender sound anything less than con-vincing in this traditionally male preserve. The few occa-sions when the gender of the singer is explicit in the poems matter not at all, and as the cycle goes ever more inward such distinctions fall away. The fierceness of Fassbaender's response to its extremes was in itself absolutely universal, and very few male singers of the present day can match her range of tone colour, let alone deploy it with such musical acuteness.

No song was allowed to pass unattended; each was given a dramatic shape. There were cramatic snape. There were some quite wonderful conceptions studded through the cycle – the single seamless arc of "Erstarrung," the withering disdain reserved for the third stanza of "Rückblick," and the marvellously natural rubato for "Irrlicht" immediately afterwards, the parsing of

"Frühlingstraum," into three distinct modes of expression. Always too, nerves were just below the surface, which might be touched in a single phrase in an otherwise blithe and blameless song, or cruelly

exposed and left raw.
Hinterhauser's accompani-ments were often adroit, but inevitably they are not yet as subtle or discriminating as Fassbaender's singing. Some-times he tries too hard to follow her inflections and pushes the line to the point of caricature. But it is clearly a well matched partnership, for be lacks the reticence that many pianists would when confronted with such an idiosyn-cratic artist as Fassbacader and recognises the advantages to be gained from bold intelligence. Already it has reaped a substantial reward, and promises a good deal more yet.

Andrew Clements

wardnesses abound. The Countess's housecoat is care-

lessly dumped on a table by a

Yorkshire maid (Helen Sheels). Miss Leonard does not wield

her secateurs with any precise implications of castration. Cordon Warnecke's servant is gablied and hasty. Emma Hitching's Hortense, the slinky beneficiary of a condition in the Marquis' sudden windfall looks and sounds like a posed mannenttin at a tanguages.

mannequin at a fancy-dress

The costumes are vaguely 1980s, the great post-war French theatre rediscovery of Marivaux light years away.

Anyone who saw Patrice Char

function in Kew Cardens.

ARTS GUIDE

OPERA AND BALLET

Royal Opera, Covent Garden. Further performances of Nuria Espert's production of Madama Butterfly. Yoko Watanabe, Mario Malagnini, Thomas Allen and Anne Masson take the leading roles and Mark Ermler conduc English National Opera, Coliseum. First British performances of Aribert Relmann's Shake speare adaptation, Lear, a 1970s opera already seen throughout opera arreagy seen turbuguout mainland kurope and in the US. Monte Jaffe takes the title role, the cast includes Phyllis Cannon, Rosa Mamnion, Nigel Douglas, and Rodney Macann, and the conductor is Paul Daniel. The 1977 mediumien of La Robinson. 1977 production of La Bohème is revived with an uneven cast Further performances of The Mikado in Jonathan Miller's

Opera Comique. Jean Baptiste Lully's Atys. The Grand Stècle in all its spiendour, received the Grand Prix de la Critique in 1987. Salle Favart (bookings 47 42 53 71, info 47 42 57 50). Paris Opéra. Wagner's Die Mei-stersinger von Nürnberg con-ducted by Lothar Zagrosek. The the third of Lornar Zagrosa. The Hamburg Staatsoper production begins at 6 pm and lasts for approximatively five and a half hours (47 42 53 71). Palais des Sports. Spain's national ballet brings colour with its 70 dancers and 250 costumes under the artistic direction of

40 90. info 48 28 40 48).

Vienna

Staatsoper. In repertory: Cho-wanschischina (première) con-ducted by Claudio Abbado, with Brigitte Poechner-Klebel, Joanna Borowska, Wiadimir Atlanto. Cavalleria Rusticana conducted by Garcia Navarro with Gwyneth, Jones, Władimir Atlantow, Georg Tichy, Matteo Manuguerra. Pag-liacci conducted by Garcia Navarro and sung by Patgricia Wist, Nicolai Ghiaurov, Matteo Manuguerra. (51444, ext. 2580). Volksoper. In repertory: Die Fle dermaus; Der Freischutz; Der Fremdenführer; Das Land des Lächelns; Mignon; Don Giovanni; Ein Walzertraum (51444, ext.

Opera. The fine Götz Friedrich production of Le Bohème fea-tures Catherine Malfitano, Gwen-dolyn Bradley, Antonio Ordonez and Andreas Schmidt. Die Zauberharfe is well conducted by Heinrich Hollreiser. Notre Dame de Paris rounds off the week.

Hamburg

Opera. Peer Gynt, specially com-posed for Hamburg by Alfred Schnittke, has wonderful John Neumeier choreography. Die verkauste Braut is a well done epertoire performance. Don Pas quale is well sung by Hellen Kwon, Urban Malimberg, Giorgio Tadeo and Kurt Streit. La Bobème features Patricia Wise and Franz Grundheber.

Cologne

have been.

Opera. Der Rosenkavalier returns in the wonderful Michael Hampe production with Felicity Lott, Gunter von Kannen, Teress Ringholz and Wasilli Janulako.

Opera. Joim Cage's Opera Euro-peras 182 returns with Marianne Rorholm, Michal Shamir, Margit Neubauer and others. Le Nozza di Figaro with Edith Mathis, Michal Shamir, Bodo Schwan-beck; and William Forsythe's ballet Feshelle's Dance.

Opera. Tamhäuser, produced by Jean-Claude Riber with a star cast led by Grace Bumbry, Rich-ard Versalls, Aifred Fluff, John Bröcheler, Nadine Denize and Christer Bladin will have its pre-mière this week. Also the ultra modern production of Die Flat maus by Bernard Broka.

The Netherlands Opera produc-tion of Ariadne and Naxos by Richard Strauss, directed by Gra-ham Vick, Stephen Barlow conducting the Netherlands Philhar-monic, with Rita Cullis as Ariadne, Jeanne Piland as the Composer and David Graffith as Bacchus. Thur in Rotterdam, Schouwburg (411 81 10).

saire Olimpico. Highlight of the British month event, organ-ised by the British Council and

the Accademia Filarmonica, and funded by ICI, is Benjamin Britten's only comic opera Albert Hearing. It is performed by the Clyndebourne Touring Company, on its first visit to Italy, and con-ducted by Graeme Jenkins. Wed

Tentro alla Scala, Luca Ronconi's

production of Weber's romantic opera Oberon, a mixture of Shakespeare, Ariosto and the Arabian Nights, with sets by Margherita Palli (the production requires 43 scene changes) and costumes by Vera Marzot. The cast, performing in five lan-guages, includes Philip Lan-guages, include with Paul Frey) and Trudelise Schmidt (80 91 26).

Teatro San Carlo. Mauro Bolog-nini's production of Puccini's Madame Butterfly with Olivia Stapp, Klena Mauti Nunziata, Eleonora Jankovitch, Nazarena Antinori and Giovanni de Ange-lis, conducted by Bruno Moretti (797 2412).

New York

BAM Opera. The Welsh National Opera inaugurates the new BAM Opera with Peter Stein's celebrated production of Falstaff, with Richard Armstrong conducting the US debuts of the WNO and Peter Stein. Brooklyn WAO and Feter Stein. Brooklyn Academy of Music (307 7171). Metropelitan Opera House, Lin-coln Center. Bluebeard's Castle continues with Jessye Norman

as Judith and Samuel Ramey in the title role, sharing the bill with the monodrama Ewartung where Jessye Norman sings the Woman. The week also features the last performances of Die Fiel-dermans with Barbara Damiels, Heisz Darancech and Alle Heiga Deraneach and Allan Classman; and Alda with Aprile Millo in the title role conducted Mills in the interceptantices by Christian Bades (382 6000). Raddigore City Center. The New Sadler's Wells Company, conducted by Joseph Karaviotis, features Harold Innocent in this

week of performances of Gilbert and Sullivan's castle-bound melo drama (581 7907). New York City Ballet, State Theatre, Lincoln Center, The 40th anniversary season contin-ues with 26 works by George Balanchine, nine by Jerome Rob-bins and five by Peter Martins. In addition, works by Laura Dean, Eliot Feld, William Forbean, Enot rend, William For-sythe, Lar Lubovich, commis-stoned for this season, will be interspersed in the season, which ends Feb 26 (496 0600).

Washington

Washington Opera, Eisenhower Theater, Kennedy Center. Paul Lostig Dunkel conducts Albert Takazauckas's production of The Postman Always Rings Twice, Stephen Paulus's 1982 adaptation of James M. Cain's novel of passion and violence. (254 3776) Pennsylvania/Milwaukee Ballet. A week-long visit features mixed programmes from this highly regarded regional company. Ken-nedy Center Opera House. Ends Feb 5 (254 3770)

Chicago

Lyric Opera, Civic Opera House.

The company's last week of the season features John Copley's production of Tancredi with Mar-ilya Horne, Chris Merritt and Jan Galla, conducted by Bruno Bartoletti (332 2244)

particular gift.

January 27-February 2

Tokyo

Fullwara Opera Company, with guest artists Lucia Aliberti and Aldo and the Tokyo Philharmonic Orchestra conducted by Carlo Franci. Tokyo Bunka Kal-kan (Wed) (389 7020).

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> International Investor's Directory

The Will

CONSERVATORY TERRACE, BARBICAN between the Countess and Ian Barritt's irascibly silly ass Marquis, the reading is of a surface sensitivity only. Physical swi-

My colleague Michael Billington was invited by the RSC to direct a short play of his choice as a company "extra." The event, I am sure, will be of more consequence to him and to the actors than to the overall destiny of the British theatre.

ish theatre.

The cosy opening of Marivaux's The Will, in last year's
brisk and idiomatic Methuen
translation by Michael Sadier,
was chiefly memorable for the
sight of BSC artistic directors sight of RSC artistic director Terry Hands scribbling down notes in an aisle seat. The gamekeeper turns poacher.

Le Legs (1736) is a triple decker slyly manipulated lovematch set in a damp and windblown conservatory attached to a large and badly run country house. On Level 9 of the hideous Barbican Centre there is a conservatory. I shall not press any further topographical analogy. Way np to the glass roof weaves a wondrous, minor tropical jungle of ferns.

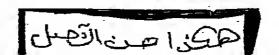
This atmospherically echoing greenhouse is presided
over by Kate Leonard's haughtily provincial Countess, snipping crossly at geranium plants like a budding Penelope Reith in a housecoat and piled hair. And here we have it. The

English for Marivaux.

Even in the best exchanges

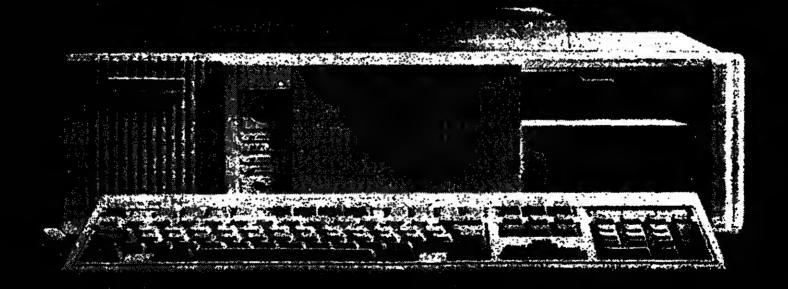
eau's magical treatment of Lo Dispute will know what I mean. Michael Billington knows what I mean. Crucially missing here are the wintry dampness, lightning flashes and sudden squalls, the pervasive sense of degenera-tion, that a full-scale, technically indulged production might offer (though not, one suspects, at the RSC), and which the play needs. The cur-rent sideshow, last two perfor-mances on February 4 and 10, affords just a partial, distorting playing, though bright and eager, is nothing if not stiff, self-conscious and rather too

Michael Coveney



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FINANCIAL TIMES

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Tuesday January 31 1989

Rumblings on the Rock

son on the Rock, was bound to provoke protests by the local population. Though the move has been presented by British officials as motivated entirely by military and economic considerations, the future status of the Rock is such a sensitive issue for Gibraltarians thet any reduction of the British presence will appear to them

as politically inspired. Repeated assurances - first elled out in the the preamble of the 1969 Gibraltar constitution - that British Governments would never transfer sovereignty over the Rock to another state against the democratically expressed wishes of its population, have done noth-ing to still local fears. For Britain is deemed by some to have initiated an irreversible process when it agreed in 1984 to allow Spain to bring up the question of sovereignty during regular bilateral discussions, as a quid pro quo for reopening its frontier with Gibraltar.

Sincere pledge

The British Government is, no doubt, sincere in its pledge not to hand over Gibraltar to Spain against the will of the Gibraltarians. But that does not mean that it is the wish of the UK to hold on for ever to what is described by Spaniards as "the last colony in Europe." Such a policy might have made sense as long as Spain was gov-erned by a Fascist dictator, but since its espousal of democracy, its entry into the European Community and its con-firmation of Nato membership, the permanent retention of Gibraltar by Britain has become a much more question-

able proposition.
It is a measure of the closer bilateral relationship that has been forged by Britain and Spain since the 1984 Brussels agreement – symbolised by last year's visits of the Queen and Mrs Thatcher to Spain – that the two Governments have managed to reach a tacit understanding on how to handle the Gibraltar problem. Spain, too, has made it clear that it does not want to see a solution which is not accept-

THE PLANNED pull-out of a shie to the Rock's population from But both Governments will de everything they can to per strength of the total UK garrisuade the Gibraltarians that But both Governments will do everything they can to per-suade the Gibraltarians that their long-term political and economic interests would be best served through a close association with Spain.

Such a process, it is recognised in both London and Madrise in both conton and mar-rid, will necessarily take a long time — perhaps 20 years. In the meantime, however, the tail cannot be allowed to wag the dog and the British taxpayer cannot be expected to shoulder a patently unneces-sary burden: A 780-strong army as a symbol of the UK's resolve when General Franco was in residence next door, but it is hardly required when the neighbour is as friendly as the present Spanish Government. Britain's Nato role in Gibraltar is, in any case, fulfilled mainly by the remaining Royal Navy and RAF personnel, not by the

Economic loss

Gibraltar does stand to lose some economic benefits from the departure of part of the UK garrison, given that the Ministry of Defence employs some 12 per cent of the workforce and a stringer of the workforce and is estimated to generate about 18 per cent of the Rock's income. But Gibraltar is not devoid of alternative resources. Tourism has expanded by leaps and bounds since the opening of the frontier in 1985 and the Rock has become an important centre for financial and other business services.

As Gibraltar's Socialist Prime Minister, Mr Joe Bos-sano, appears to have realised, it is highly desirable that the territory should be transformed from a defence-based to a more diversified modern economy. In the process, the Rock will inevitably draw closer to its big neighbour economy and a solution to its future political status will gradually emerge. That kind of fundamental decision, however, is not for tomorrow. In the meantime, it seems inap-propriate for the Gibraltarians to cry wolf at the departure of a few hundred soldiers who no longer fulfil either a military

The politics of land use

YESTERDAY'S British Government White Paper on the Future of Development Plans in England and Wales is a muddle. The disposition of land could be left to the market, or it could be a matter for central or local Government. In Britain it is a little of each.

The white paper proposals ensure that it will continue to be so, without making it clear where the cost of the muddle will fall. This is perhaps unsur-prising in a small island in which any new development is, at local level, a contentious political issue. In a relatively spacious country like the United States new developments are often welcome for the extra boost they give to local economies. In Britain the national perception of the need for new housing, offices and factories is often in direct con-flict with local perceptions of the need to keep one's own neighbourhood clear of invad-

When the latest Government proposals were first put out for consultation in September 1986, the political impetus was in favour of simplifying planning permission procedures.
The balance of argument favoured development for the economic benefits it would bring. Yesterday's white paper still reflects that balance, although it pays lip-service to the need to protect the green environment, which is strongly felt by suburban and countrytown Conservative voters.

Broad-brush plans

The principal simplification is to be a removal of the power of county councils to make structure plans. Detailed plans, showing what may be built where, will in future be the responsibility of district councils. The counties will be restricted to the production of broad-brush "statements" of planning policies. This should certainly streamline the system. It takes some 28 months, on average, to alter or replace a country structure plan; the theory is that all that delay will be swept away. What remains to be demonstrated is whether the smaller district authorities will all have the expertise necessary to produce detailed plans of their own. Under the existing system only 57 out of the 333 non-metropolitan district councils have pro-

duced properly acceptable local plans. The most successful examples of voluntary regional planning are county-led; in future the onus could fall on the less well-equipped regions to form regional associations.

The Government can now reasonably proclaim that local people, through their elected district councils, will have a direct say in the allocation of local land. This is true as to chains between any area to choices between one part of a district or another, but not as to whether there should be lopment rather than conservation. The Government. through the Secretary of State for the Environment, may intervene at most stages in the new process to give directions in accordance with what it sees as national or regional priori-ties. Thus if Whitehall believes that the market will generate demand for a given number of new houses in, say, south-east-ern England, the necessary acres will have to be provided. The districts will in the end be obliged to say where they will be, and it is to be hoped that the county statements will encourage some cross-border logic, but the lines of influence will in future run most strongly between district coun-cils and the Department of the

Local taxation

This is perhaps understandable in view of the Government's policies on local taxation. The new community charge will be a per-head tax. New domestic properties will no longer add to property tax revenue, since the latter is to be abolished. Business properties will be subject to a perional uniform business rate. national uniform business rate. Whatever is extracted from developers in the form of "planning gain," there is bound to be a cost to the national taxpayer arising from

every new local development. The reason is that new local services such as roads, street lighting and schools, will, at least partly, be funded through centrally provided grants. This constitutes a continuing sub-sidy for development at a time when concern about its extent is growing. The muddle will persist until a single white paper addresses itself to both sides of the equation – admin-istrative and financial – at

hat a difference a month When Mr Nigel Law-son and a small team of Treasury ministers and top advisers met at the Chancellor's official weekend residence at Dorneywood, Bucks, early this year they had only the most tentative evidence of the hoped-for slow down in the British economy. Now, a welter of information sug-sets that Mr Lawson's policy of high interest rates has begun to correct the excess domestic demand causing Britain's twin problems of high and

rising inflation and a huge current account balance of payments deficit.

But as the Chancellor begins seriously to weigh the options for his sixth Budget on March 14, he might

reflect that the apparent good news of the slow down may all be coming a little too quickly.

While the Bank of England, the City and the foreign investors who finance the current deficit will be looking for continued fiscal and mone-tary rigour, influential figures in the Conservative Party are already eyeing the swelling budget surplus, esti-mated at around £18hn this year, for

tax cuts and savings incentives.

At the present relatively early stage in the Budget process, the odds are still that Mr Lawson will unveil a cautious Budget.
The man who prides himself as a

tax reformer admitted last year that he has few major reforms left on his agenda. The Inland Revenue needs time to digest last year's sweeping restructuring of the income tax to just two rates - a basic rate of 25 per cent and a higher 40 per cent rate - as well as to prepare for the introduction in April 1990 of the independent taxa-tion of husband and wife. Politically, Mr Lawson, for all his

gambling instincts, might conclude that he stands to gain from minimal fiscal action this year. His first duty, if he is to restore his miracle-worker reputation and his standing with the Prime Minister, is to return the economy to a more sustainable pattern of non-inflationary growth. With the next election due by mid-1992 at the latest, 1989 is about the last year in which he can inflict pain on the voters without this turning into an electoral liability.
The Chancellor has already

embarked on the time honoured process of reducing expectations. He recently told the BBC World Service that peoples hopes of income tax cuts may have to be deferred this year. However, a do-nothing Budget is unlikely. The Chancellor likes to spring surprises. He is also hurt that last year's Budget, which he regards as a "fiscal milestone," is often blamed for overheating the economy. of the basic rate of income tax to 20 pence in the pound. One penny off the basic rate would cost £1 Abri to 1980 on and £1.73bn the following year. By adjusting other taxes to compensate, he could decide on a limited income tax cut to underline the Government's

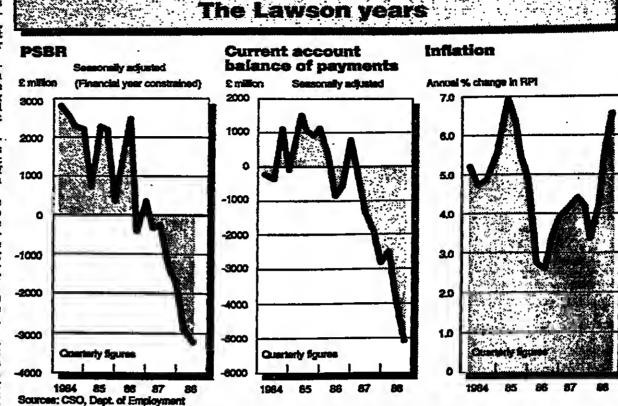
boosting demand in the economy.

Much will depend on the economic signals over the next six weeks. But in judging Mr Lawson's likely moves, it is important to realise that he believes the British economy is one of the world success stories of the 1980s

nitment to lower taxes without

Peter Norman introduces a series on options for Britain's Budget, now six weeks away

Austere outlook, cheery Chancellor



and a testimony to the Government's various "supply side" reforms.

Strong economic growth of around 5 per cent last year and impressive output and productivity gains in manufacturing industry have accompan-ied a sharp drop in unemployment. The seasonally adjusted 2.04m total in December was the lowest level since March 1981. The negative side of the balance

sheet is that growth has been pulled along almost entirely by domestic demand. Real consumer spending rose last year by more than 6 per cent, straining capacity and sucking in imports. Latest figures show personal savings as a ratio of income have fallen to a record low of 1.3 per cent. An estimated four fifths of UK house-holds are spending more than they earn. One consequence has been the lesp in the current account balance of payments deficit to an umprecedented £14.3bn last year. Another is that retail price inflation reached an annual 6.8 per cent in December and

Central to the Chancellor's strategy is the benefithan these problems represent merely "too much of a good thing." There is, he maintains, nothing fundamentally wrong with the British economy that a stretch of tight monetary policy, exemplified by the step-by-step increase in bank base rates from 7.5 per cent in June to 13 per cent in late November, cannot put right.

January's crop of economic data suggests the credit squeeze is starting to work. The housing market, one of the most overheated parts of the economy, is already showing clear signs of cooling. A slowdown in the property

boom is vitally important for the Gov-ernment's plans. Three years of rapidly rising real wages and house prices encouraged people to move house. The process lostered an illu-sion of wealth, stimulated demand for consumer durables, boosted borrowing and released into the economy as much as £15bm of cash in 1988 alone through "equity withdrawal" from the

The Halifax Building Society's house price index shows house prices now rising at a monthly rate of 1 per cent against 3 per cent and 4 per cent in summer 1988. A stroll down any high street in the overheated southeast tells the same story of estate agents' offices without customers, of houses sticking on the market and vendors having to accept offers below asking prices. Demand for mortgages has slowed. New mortgage lending by building societies fell to 52,28bn in December, the lowest monthly figure since January 1987, and down £1.2bm on Novembe

Where the housing market has led, retail demand is following. Retail ond month running in December. Although the actual fall was very small - the index fell to 140.3 from 140.4 in November and 141.2 in October and is prone to revision - the Treasury believes sales have been broadly flat since July.

The outlook is for a further decline.

The most recent distributive trades survey from the Confederation of Brit-ish Industry and the Financial Times, carried out in December, found retail-ers gloomier about their future than at any time since the survey was started in 1983.

Available evidence suggests that Mr Lawson's high interest rate policy is not yet seriously hurting industry. Although the January CBI survey of business opinion registered a downturn in manufacturers' optimism for the first time since summer 1986 and chronicled growing concern about export prospects and the strong pound, it also showed that industry lans to maintain its present high level of investment. The CBI also endorsed the Government's anti-infla-

The CBI's survey appeared to jus-tify Mr Lawson's reliance on high interest rates as his key instrument for short term economic management. Because of changes in the indebted-ness of British households, the high hank base rates, now that they are feeding through into mortgage rates of 13.5 per cent and more, should prove a more effective brake on consurver demand than in the past. In recent years the personal sactor has become a net debtor, with around £250bn of mainly variable rate debt compared with £200bn of variable rate

Industry is well padded by contrast. Corporate profit margins are at their highest level for 30 years, according to the merchant bank, J. Henry Schroder Wagg. Recent official figures showed that gross trading profits of non-North Sea companies rose 11 per cent between the second and third quarters of last year and were 17 per cent up on the third quarter of 1887. The inverted yield curve for debt securi-ties also means that companies can borrow long term funds below base rate. The average yield on 25 year debentures fell below 11 per cent at

the end of January. However, there are still risks to Britain's chances of schieving a "soft Britain's chances of achieving a "soft landing" from its economic boom. Inflation is a threat: it could reach a per cept at an annual rate this summer, as high mortgage rates, increased electricity, get and water charges and travel coats feed through into the index. This could increase pressure for higher wages, with the risk of a wage/price spiral.

Although last week's announcement of a lower than expected \$1.260:

ment of a lower than expected \$1.250 correct account deficit in December commuted the belief in financial markets that interest rates have peaked, monthly trade figures have spring monthly trace figures have aprong unpleasant surprises in the pest. The December figures in any case showed that the current account deficit is running at an annual rate of \$155n, some falm more than forecast by the Treasury for 1966. In the CRI survey, manufacturers were gloomy about

Treasury for 1989. In the CHI survey, manufacturers were gloomy about export prospects over the next 12 months, casting doubt on their ability to shift sales abroad sufficiently to produce a speedy drop in the deficit.

Although Mr Lawson has been looking especially cheery in recent days, the last thing he wants to suggest is that Britain is out of the woods — especially as he is being subjected to a torrent of unsolicited advice on how best to spend the public sector surplus in the Budget.

The Institute of Directors has pressed for large income tax cuts; the CBI wants a hig reduction in corporation tax; Mr Lawson faces a ground-swell of opinion in the Tory Party in favour of income tax cuts for the lower paid through increases in tax-free allowances by more than the rate of inflation. Writing in the Sunday Times, Sir William Clark, chaluman of the Conservative backbench Commons finance committee, urged the Chancellor to spend 25bn of his surplus taking the lower paid out of the income tax not, increasing incentives to savers and starting the abolition of inheritance tax. to severs and starting the abolition of

inheritance tax.

With Mr Lawson in purdah, it is impossible to find out what he thinks of such ideas. But a booklet, Tax Reform - The Government's Record's, that he published last June, clearly sets out his priorities on taxation policy. The booklet is of added significance because it was ghost written by Mr Robert Culpin, the Chancellor's former press spokesman, now responsible for drawing up the Budget tax

The document states that Mr Lawson's "main objective in reforming son's main objective in reforming taxes has been to improve the performance of the economy; and that is the overriding test by which the reforms stand to be judged." The next highest priority is "to leave people with more of their own money" and "in particular, and so far as practicable, to reduce marginal tay rates on that are reduce marginal tax rates, so that an extra pound of earnings or profits is really worth having." Only after this, is it a Government priority to see that people's choices are "as a general rule . . . distorted as little as reasonably possible through the tax sys-

If Mr Lawson sticks to these principles, he will probably produce a very austere Budget this year. Any cuts in income tax would be likely to reduce marginal tax rates (which the Chan-cellor also believes to carry a bigger electoral dividend) rather than rates appear unlikely, except perhaps for measures to boost Personal Equity Plans, which were introduced in his 1966 Budget to boost investment in British equities and have achieved

disappointingly low sales.

But whatever surprises Mr Lawson draws out of the battered 19th century budget box on March 14, it will be some months before we know whether his stewardship of the British economy is back on course.

* Issued through Conservative Political Centre, 32 Smith Square, London SWIP 3HH, £1.75

Women on women

■ Women's Day at India House in London: Margaret Thatcher unveiled a sculpture of Indira Gendhi, and a very moving

occasion it was.
Thatcher recalled that after the Brighton bomb in 1984, when she was very nearly killed by the IRA, she received a consoling note from Gandhi about the awfulness of terror-ism. Gendhi herself was assas-

sinated a few weeks later. The two Prime Ministers had come to know each other well. What they shared, despits their different views on some subjects, Thatcher said, was sense of loneliness. They both knew about the "little things of life" as well as the big, and she used to like going to Gandhi's house for meals tête à tête. Thatcher praised her for her practicality: want-ing more farm implements and

ing more farm implements an self-sufficiency in food, not the grand designs of some other Third World leaders.

The literary quote, when it came, was from Kipling:
"The female of the species is more deadly than the male."
But it sounded kindly meant.
Other women came out wall. Other women came out well. Daphne Park, the retiring President of Somerville College, Oxford, seems almost to be doing a double act with the Prime Minister nowadays. Las

week she announced that a new building at the College will be known as the Margaret Thatcher Centre. Yesterday she talked about Indira Gandhi's time at Somerville reading economics. Her father Pandit Nehru, came to visit it and a tutor suggested that she might switch to English. Nehru disagreed: "It is good for young women to suffer,"

for young women to sunter, he said.

Perhaps best of all was Kathleen Raine, the poet, who spoke — from Shelley — about the unacknowledged legislators of mankind. Michael Foot and Lord Callaghan looked on in admiration. Thatcher med almost close to tears,

OBSERVER

The aculpture, by a young Indian, K. S. Radhakrishnan, shows Gandhi with a rather fuller face than you would expect - almost jolly - and will reside on the first floor of India House in the Aldwych.

Young Castro Fidel Castro is going back to his old love. In the midst of another multi-hour speech at the weekend, the Cuban leader suddenly glanced at his watch and announced that be would have to stop because a big baseball game was about

to begin.
Little is known about his abilities on the field. But, before his revolution, American major league players often used to play winter baseball in Cuba and at least one account of Castro in action survives. In the 1950-51 season he strode out of the crowd at Havana University in the middle of a game to take the pitcher's mound against one Don Hoak.

Castro, dressed in a white shirt and black suede shoes, threw just three pitches, one, Hoak recalled, "a good fast ball, a regular bullet." The other two were aimed, whether dillicant but the transfer of the bullet. deliberately or not, at Hoak's head, prompting the batter to appeal to the umpire who called in the police and had Castro thrown out of the game.

Full circle

Rosalind Gilmore has had a pretty itinerant career since she left the Treasury, where she was once a very articulate press secretary and head of the Financial Services Divi-sion. She had a spell at Dunlop, as part of the early wave of civil servents moving into the private sector, and left before the company got into difficul-ties. She became director of



"I hope it doesn't extend to the territorials."

marketing at Girobank and for the last two years has held the quasi-academic post of Directing Fellow at St George's House, Windsor, Meanwhile, she had a fine run as one of the statutory women on television discussion programmes.

She is now returning to the Civil Service, at least at arm's length. Gilmore will be deputy chairman of the Building Societies Commission, the watch-dog of the building society industry.

To win her back, the service

has used new powers to rein-state her at two grades above the level on which she left in 1982. Apart from seeking to guide the industry through a period of considerable upheaval, she will be a trailblazer in another way. Not one of the 115 building society chief executives in Britain is a woman, though the Catholic Building Society is almost an honourable exception: its chairman is the Hon Mrs Nona

Almost Texas

■ The new Venezuelan Government is beginning to behave a bit like the old Shah's regime in Iran when it comes to hospitality. No less than 18 heads of state and eight heads of gov-ernment have been invited to the inaugural celebrations for President Carlos Andres Perez this week, and a host of other figures like Willy Brandt, the former West German Chancellor, besides. There will also be around 500 journalists, whose travel and board will be fully paid by the Venezuelan state

The Venezuelans have been known as the Texans of Latin America before, but that was when oil prices were high. Observers in Caracas blame the present extravagance on the example of George Bush. Once he went in for a splendid inauguration, had to follow. ration, the Venezuelans

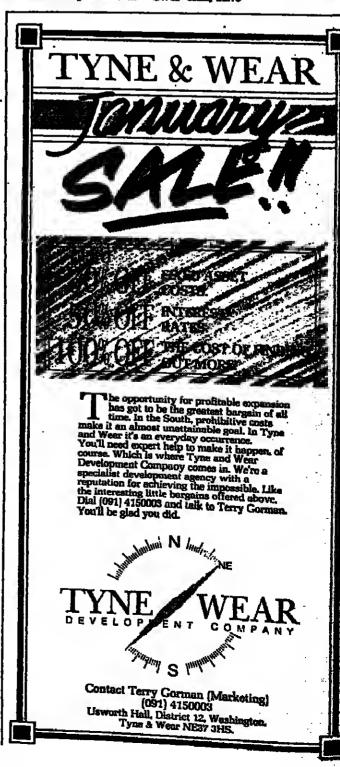
Any old ties

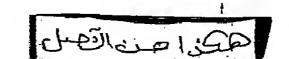
Cieves & Hawkes, the Savile Row tailors who 20 years ago had the Beatles recording a rock session on a near-by roof, again claim to be breaking new ground. They have installed a dry cleaning unit - run by Lilliman & Cox — on the premises, the theory being that you can have your existing clothes cleaned while ordering new

Yesterday morning they offered a free Gieves & Hawkes tie in place of any old tie that they could not improve by cleaning. The tie that Observer took along was very old indeed, very esoteric, repre-senting a society long since defunct and almost totally worn out. Gieves & Hawkes are still working on it and will reach a decision by Thursday.

Table talk

Overheard: "I wonder what male cysters eat when they feel they need a hit of a boost."





LETTERS

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From Mr Howard Knight. Sir. David Lawson correctly draws attention ("Shake-up planned for home improvement grants." January 25) to the £22m backlog of maintenance in the public sector housing stock, and to the response of significantly increased their expenditure on refurbishment and planned maintenance over

March Street Str the past 10 years.
Unfortunately he takes at face value the Secretary for the Environment's statement that The state of the s "inner city spending is expand-ing." The evidence is to the contrary. The additional finance set aside for Housing Action Trusts (wanted by nobody except Mr Bidley) and Restate Action is but a small proportion of the 20 per cent cut in housing investment programme allocation (the amount the Government allows local authorities to borrow to spend on housing), announced by the Secretary of State in December.

Mr Lawson correctly points out the dramatic reduction in Government support for refurhishment in the private sector, while pouring ever greater sums, via mortgage interest re-lief, into supporting inflation in house prices. But his concluding sentence, "The more successful the right-to-buy pro-

work is likely to come to legitimate building companies, since owners are more willing to pay for refurbishing," is just a

series of myths.

1. Overwhelmingly, owner-occupiers use small building firms. These contain the majority of "cowboys", most of whom make little contribution to quality of maintenance, training and so on, and about whose work there is immense dissatisfaction. Local authorities have a long-term interest in securing and retaining legitimate builders of all sizes, in order to get value for money.
2. The Department of Environ-

ment's own House Condition Survey shows that the greatest rate of deterioration in the housing stock is in the owner-occupied sector, not the public-tenancy sector.
3. Refurbishment undertaken by people who buy their coun-cil houses is invariably of the

"tarting-up" variety (new doors, hathrooms) rather than of the basic fabric. Fil bet that the next House Condition Survey will show that the private housing stock has deteriorated further - or will the survey be cancelled in order to save money? Howard A. Knight, Association of Metropolitan

Authorities, 35 Great Smith Street, SW1

demic staff, this would match the request to Government from the CVCP, and end the

current boycott of examination work. It is in everyone's inter-

est that a fair settlement is

reached very soon. Martyn Thomas,

Praxis Systems,

CGT applied to house sales

From Mr George Wair. Characteristic anvice to the Chancellor centres around restraining excessive investment in housing, coupled with the need to restrict borrowings secured against increased house values and concern over the historically low savings

ratio. The following suggestion might in time alleviate these.
Capital Gains Tax (CGT) has a potentially high yield from the private investor whose savings ratio has dropped to historically low levels, an effect compounded by the fact that, thanks to present high share values, enforced savings via employers' pension schemes have fallen to a very low level. CGT does not have a high actual yield. It merely dis-

torts investment decisions in the private sector by providing a disincentive to switch hold-ings in a portfolio in response to market signals, and an incentive to make investments through collective media other than individual shares.
This distortion is reinforced by the way in which one spe-cific investment, owning and reselling one's home, is not subject to CGT. (This is the real subsidy to home owner-ship, besides which income tax relief on borrowings up to £30,000 is insignificant.)

Suppose the basis of CGT were to be recast so that "rollover" relief was allowed both

on personal portfolio investment and on the purchase and sale of a home while bringing home ownership into the capitel tax net.

t will be exactly 10 years

tonight since Ayatollah

a small group of sides (most of

them now either dead, dis-graced or back in exile), a large group of journalists and a vol-unteer Air France crew, took

off from Paris to fly back to his

country, to be greeted the next morning by one of the most tumultuous welcomes ever

accorded to a national leader.
Alas, I was not on that
plane. I arrived in Tehran 24

plane. I arrived in Tehran 24 hours later, on a British Airways flight on which I was the only non-Iranian passenger. Unlike the Ayatollah, we arrived at a completely deserted airport, apart from the El AI Boeing that was being loaded up with the belongings of the departing Israeli mission. Otherwise there was no one about no baggage han-

one about no baggage han-dlers, no control tower person-

nel, no police. We just walked across the tarmac, through the empty terminal buildings, and that was it.

But later I met up with col-leagues who had come with Khomeini from Paris, and one

of them told me about a brief-

of them told me about a brief-ing given a few days earlier by Mr Michel Poniatowski, the close confidant of them Presi-dent Valéry Giscard d'Estaing. "It's quite simple," Mr Ponia-towski had said. "Iran is obvi-ously in for a couple of years of Terror. Our interest is to get that over as quickly as possible and get to Thermidor. Then things will settle down and we

things will settle down and we can start doing business." It struck me at the time that

Mr Poniatowaki was telescop-ing things somewhat. I suppose

ing things somewhat. I suppose he was taking the Shah's departure from Tehran, on January 16, as equivalent to the overthrow of the French-monarchy on August 10 1792 – almost exactly two years before the fall of Robespierre on 9 Thermidor Year Two

on 9 Thermidor Year Two.

which is generally taken as marking the end of the Terror.

had only started in 1978. It was not until the last few months

of that year that you could find

any event in Iran comparable to the Fall of the Bastille, Per-

haps the Shah had speeded

things up by getting out of the country when he did, thus avoiding the fate of Louis XVI

who waited two years and then botched it. But two years still

seemed hardly long enough for

an upheaval of such propor-

I labour the point because,

although these analogies can be frivolous and misleading if

often discern a certain dynamic in human affairs

which helps to make them

Even in very different societ-

ies and cultures, the same

pursued too literally, one

tions to simmer down.

intelligible.

But the Iranian revolution

The mechanism to ensure this would be to treat as equivalent to a realisation any increase in borrowing secure increase in borrowing secured against taxable assets except where the borrowing was taken to fund new assets. As long as the proceeds of a house sale or of portfolio investments were ploughed back, they would remain free of gains tax. CGT would only become payable when gains were realised. Such a tax regime could also cater for the abolition of inheritance tax, by simply treating

tance tax, by simply treating death as a realisation of the taxpayer's remaining portfolio, but with an appropriate allowance corresponding to the existing system.

To the extent that the To the extent that the elderly suffer, by reduced ability to draw on accumulated wealth by "dis-saving," this could be alleviated by an increase in the level of capital gain which they can realise free of tax, relative to others. Gifts inter vivos would also need special treatment. need special treatment. Finally, it would serve to promote savings at the expense of expenditure. George Weir,

Court, is now beginning to speak out on this matter. I

hope their colleagues attached to other universities will follow

Sir, Apropos of your head-line (January 19), "Varsities may seek extra funds to pay lecturers," who uses the word

"varsity" today? It was obso-

lete in 1933, as Dorothy L. Say-

ers (a Somerville College, Oxford, alumna) made clear in

Hangman's Holiday, in her

story "Murder at Pentecost".

Monty Reg, her commercial traveller detective, is offered a new aphorism for the Salesman's Handbook while in com-

versation with two Oxford

"Certainly, replied Rad-

how a flavour of the 1890s,"

Kilmany House, Kilmany

Anthony Carew,

Umist Association of University Teachers,

From Mr G.A. Lee.

UK university funding

From Mr Martyn Thomas:
Sir, According to the committee of vice-chancellors and principals (CVCP) the pay of UK university lecturers now The state of the s stands at less than 80 per cent of its value a decade ago (rela-tive to average UK earnings). The universities have no

funding for a pay rise for lec-turers for 1988-89, and will have only half the funding which will be needed to keep up with inflation in 1968-90. This cannot be in the national interest. The changes in employment which are under way are increasing the demand for graduates. Indeed, it could reasonably be said that UK international competitive-ness is linked to the quality and quantity of graduates entering UK industry. We shall not achieve the necessary numbers and high quality if we

progressively undervalue and under-reward our_teaching

match the average increase in nately, under the present dog-pay in the UK economy for the matic Government, rational receding year? argument counts for little.
In the case of university aca. Over the past 12 months my

Lapdogs come Magnetic attraction too expensive

From the President, Association des juristes d'entreprise euro-

sir, In general I would agree with A.H. Hermann's legal col-umn (January 16). But as far as in-house solicitors are con-cerned, the Law Society, for all the 25 years that I have been one of that number, has never shown any reluctance to allow staff lawgers to provide to their employers the full range of legal services of which

True, when I joined iCI there was a feeling in private practice that I was "leaving the profession" to become a "tame" lawyer, but that atti-tude died out many years ago, and I and my colleagues have for long enjoyed a close profes-sional relationship with pri-vate practice and with the Law

Mr Hermann states that the Mr Hermann states that the in-house lawyer finds it difficult to advise his chief executive to forgo the latter's pet project, or that he participates in "easy option" decision making within the corporation. My experience is that chief executives expect their in-house lawyers to scrutipies any proposal yers to scrutinise any proposal very carefully and to render

clear, concise and, above all, independent advice.

After all, in-house lawyers

are expensive to employ; few chief executives can afford a costly lapdog from whatever discipline within a corporation. B.D.; O'Mesca, ICI Group Legal Department, Imperial Chemical House, SWI

From Mr Anthony Carew, Sir, I welcome your editorial on academic salaries (January 25), and your conclusion. As

you say, for the foreseeable future the universities will remain overwhelmingly depen-dent on public money, and Mr Kenneth Baker, the Education Secretary, has a tinty to provide the funds for a realistic pay award for academic staff. (We are, as you note, one of the faw groups whose pay is actually worth less now than in

1979.)
But I take exception to your chiding academics for behaving more like students than in feaching there is no free market for labour; the Government is effectively a monopoly more like students than the pay-bargaining are therefore not appropriate. Would it not appropriate Would it not be better nimply to award teaching staff pay rises which match the average increase in mately, under the present dog-

argument counts for little.

From Mr Andrew Beaton.

Sir, Your comments regard-ing the proposed management

buy-out of Magnet ("The mag-netic lure of the buy-out," Lex column, January 26) are, I believe, misplaced.

premium to what is available in the market place is provid-ing shareholders with an

attractive alternative. They are

members have tried a variety of ways, short of direct action, to persuade Government of the damage being done to universi-ties. They have written to MPs, lobbled Parliament, handed out leaflets at graduation ceramo-nies outlining the financial crisis facing the university sector, and persuaded our Council at the University of Manchester Institute of Science and Technology (Umist) to write to the Secretary of State in support of

tion in the quality of teaching

It is heartening that the business community, which is heavily represented on the

All this has made not the slightest impression on Mr Baker, He did not even trouble to reply formally to the the let-ter from Council. (All we received was a telephone mes-

sage from a Baker aide.)

Now that the examination boycott is really biting, responsible people are beginning to realise the seriousness of the crisis. The Court of Governors at Umist passed overwhelm-ingly an Association of University Teachers motion calling on Mr Baker to inject public funds into universities suffi-cient to recruit, retain and motivate qualified staff, and to allow an expansion of access to universities with no diminu-

Tourist costs

and Insurance.

from correct.

not obliged to accept. If this action leads to a bid by a third party, the shareholders are even better served. in Jordan From Mr James Smith. Sir, Alas, my friend Rami Khouri's anticipation (Decem-ber 20) that "holidays in Jor-

If the market is not offering shareholders the correct price for their shares, it is the mar-For management to offer shareholders a significant cash ket and not management which is at fault. 72 Laurel Road,

Acceptance at a touch

From Mr Nicholas Dec.
Sir, I was pleased to see your legal correspondent's remark (January 16) that staff lawyers are shedding their status as "untouchables" of the profession. Those of us practising in employment feel the position is even better.

There are certainly more in-house lawyers than your correspondent states. He men-tions the figure of I,000 barris-ters on the staff of companies, ernment. My own association (The Bar Association for Comadd those who have not yet been attracted to join, and those in central and local gov-ernment, the figure is closer to the 2,000-8,000 quoted in your survey of the legal profession on October 20 1988.

Even prior to January 1 this year, barristers practising in employment had achieved significant rights of appearance in lower courts and direct access

and in central and local govmerce, Finance & Industry) has some 850 members. When you to those in independent prac-tice without having to go through a solicitor. The Bar Council's new code of practice from January I 1989 amplifies

these rights, which have been evolving for some time.

I am delighted to see your correspondent's acceptance of the independence of mind that those practising in employment can exercise. Members of my association, who are fully subject to the Bar's disciplinary provisions, certainly do not feel that they are any less independent than outside advisers. Independence is more a question of professional training and attitude than the organisa-

Now that we have shed our previous untouchable status, I look forward to an article describing our role as key members of our profes Nicholas Dee,

Chalfont St Peter

Nenad Grisogono

FOREIGN AFFAIRS

How history judges the revolution

Edward Mortimer recalls his experiences during the Iranian overthrow and questions its place in posterity

causes will often produce similar effects. Revolutions in particular tend to conform to a certain pattern, as the American and the Middle East, certain pattern, as the Ameri-can historian Crane Brinton

noticed 50 years ago.

Maybe I am grasping at straws to justify the fact that I tions.) spent my student years learning about the French Revolution, rather than studying things which might have had a

gave the case against. (Both, needless to say, speaking for themselves, not their organisa-

Almost anyone in Tehran in February 1979 must have been left with the impression of having witnessed an epoch-making event

more obvious relevance to my ment career such as oriental languages or economics, or even journalism.

I do not think in so doing I shall win any plaudits from my former tutor, Richard Cobb, who has always had a healthy distrust of grand theories of history, preferring to study the past for its own sake and, of late, proclaiming the "irrele-vance" of the French Revolution to anyone who will listen. But there it is. As an observer of the franian revolution I cannot help being struck by historical parallels.

Yet does the franian revolution are the franian revolution and the franches and the franches and the franches are the franches are the franches and the franches are the franches and the franches are the franches and the franches are the franches are the franches and the franches are the franches are the franches are the franches and the franches are the franches

tion really merit inclusion in the canon of historic Revolu-tions studied by Brinton: English, American, French,

This question was debated in the concluding session of a fas-cinating conference on "the iranian revolution 10 years later," held the week before last at the Royal Institute of International Affairs. John Simpson of BBC Television, who was on that Air France plane 10 years ago, argued the ran in February 1979, caught up in that extraordinary whirl-wind of change, must have been left with the impression of having witnessed an extraor-dinary and epoch-making

It was so unmistakably a popular revolution, not just in the sense of having mass support but in being the product of profound social forces which welled up and overcame all conventional wisdom about the

nature of political power, In conventional terms the Shah, with the best equipped armed forces in the Third World and the support of all the major powers, was simply invincible. But his power was rotten at the base because it came to be seen as alien and illegitimate by all the opinionforming groups in the country, and so eventually by many of the very people whose job it was to maintain it. The breadth of the coalition which supported the revolution at its climax, and the consequently intense struggle between com-peting ideologies which fol-lowed that climax, were classic

symptoms of Revolution with a So was the farment of excitement that it provoked throughout the islamic world; and the

war to the death in which, war to the death in which, within two years, it became embroiled with its immediate neighbour, mixing ideological and national rivairies; and the fact that that neighbour was backed by a coalition of the crowned heads of the region.

But did it in fact bear a revolutionary measure of more

lutionary message of worldwide import, a message des-tined to dominate the political thought of the next century, as by and large those earlier revo-lutions did? Here Mr Bannesman seemed on much stronger

ground.
The Khomeini message is unashamedly reactionary: it reasserts traditional values and offers the rule of imam Ali (AD 658-661) as a political model. Moreover, it has failed to "take". Iraq's Baathist regime, even with an army whose rank-and-file is mainly Shitte has meethered the Shiite, has weathered the storm. The crowned heads are still in place. Not a single Mos-lem people has followed Iran's example. The revolution has retreated to its home territory, and even there it has quite a

w troubles. Is that the end of the story? Perhaps, but let us not repeat Mr Poniatowski's mistake of trying to rush the historical process. Remember that 10 years after the outbreak of their respective revolutions Cromwell had yet to dissolve the Rump; the US did not yet have a constitution; Bonaparts was about to seize power and would take another three years to reach an ephemeral compro-mise peace with France's ena-mies; Stalin was still man-ocuvring against Zinoviev and Trotsky and had not yet begun his programme of forced col-lectivisation and industrialisa-

Remember, too, that new ideas with revolutionary force have often sprung from the attempt to realise a ntopian vision of the distant past: England before the Norman Yoke, or the Rule of the Saints; the Republic of Virtue, based on ancient Rome; Primitive

Communism, before the divi-sion of labour.

The rule of Imam Ali, and even of the Prophet himself, is sufficiently remote and obscure to allow a great deal of late 20th century improvisa-tion; and the idea that non-Western peoples should look to their own tradition for models, rejecting what is prescribed for them by established powers, is, I suggest, one that will remain relevant for quite a few decades to come decades to come.

* The Anatomy of Revolution (New York, 1938).



Old roots may begin to sprout again in Yugoslavia

From Mr Nenad Grisogono. Sir, Your realpoithic leading article, "A Balkan House of Cards" (Jamary 11), may not, after all, be as realistic as it may at first look.

Yugoslavia's strategic importance may have diminished in view of the easing of Rast-West tensions, and its possible col-lapse need not immediately have dire consequences for the rest of Europe in that it would not directly endanger the global East-West balance. And yet the disintegration of the present system may read to the "Lebarymisation" of the coup

try, with unforeseen conse-quences for the stability of the area and eastern Europe

which, in turn, may adversely affect East-West relations. In the heyday of the cold war the West saw fit to support in Yugoslavia, for reasons of state, a corrupt and oppressive

Though the cold war is seemingly over, wisdom dictates cantion - particularly now that an era of political, social and economic instability has become incipient in eastern

particularly acute forms in Yugoslavia. It would be there-fore wrong if the West were to disinterest itself in its fate. But now, instead of subsidising the "irresponsibility of the Yugo-slav tribal chieftains," the West could do itself and the peoples of Yugoslavia a good turn by lending moral support to genuine democratic forces

sprouting in all parts of the These forces, in the shape of incheste political groups, pro-fessional associations and human rights committees, are a sound foundation on which

to build. The celebration of the 70th anniversary of the creation of Yugoslavia on December 1 1918 in Serbia, and the lengthy interview of the pre-tender, Crown Prince Alexander, published most recently in Madina, Ljubljana, and Start, Zagreb, seem to indicate that back to more traditional forms of government. The West could

do worse than to ignore this Chairman, The South Slav

NEWTONSTREET. PORTLOUIS, MAURITIUS.



Ernst & Whinney opens Moscow accountancy office

By Richard Waters in London

A WESTERN accountancy firm has set up shop in Moscow for the first time since the Bolshe-

Ernst & Whinney, one of the Big Eight international firms, opened in the city at the end of last week after a formal ceremony in Moscow's Hall of Human Achievements. The office is expected to

staffed and is a joint venture with Vneshconsult, a Soviet management consultancy.

The move highlights the depth of commercial ties between Western companies and their Eastern counterparts which has created a new demand for audit, accounting and management consultancy

Ernst has about 30 joint ventures between Soviet and

Western companies as clients already and as many more "in the pipeline", says Mr John Howell, director of the firm's

This is not the first venture into Eastern Europe by Western accountants since the advent of perestroika. Price Waterhouse achieved that distinction when it opened an office in Hungary in a joint venture with a local firm at

the end of last year. These offices are expected in time to form the basis of extensive European networks.
Like Price Waterhouse, Ernst & Whinney has also set up an office in Budapest and it has plans to open in Poland and Yugoslavia soon.

Mr Howell said: "Companies are looking at Eastern Europe as a whole, in the same way as

makes sense to look at it as a region, rather than as separate

The accountancy firms experience of investing in communist companies has not been a happy one in recent years. Large firms rushed into the People's Republic of China when there appeared to be commercial opportunities but returns on those investments

No repeat fees for the Iran-Contra show

Lionel Barber explains why the trial of Oliver North may not live up to expectation

OLIVER NORTH, the retired marine lieutenant colonel and White House aide at the centre of the Iran-Contra scandal, goes on trial today in Washing-ton DC. Anyone expecting a repeat of

the televised spectacle 18 months ago, when Col North's self-righteous patriotism cowed a congressional committee and polarised the American public, should be forewarned: this is a trial likely to be marked more hy anticlimax than courtroom

What once promised to be a comprehensive indictment of high government misdemeanour has come down to 12 felony counts, ranging from the shredding of documents to the use of small amounts of money and gifts which Col North received while attached to the White House.

The charges carry a maximum sentence of 60 years' imprisonment and fines of \$3m, but the chance of Col North - frequently described by President Ronald Reagan as a national hero – receiving such harsh punishment must be slim. The charges show little for a \$12m criminal inquiry lasting two years.

The turning point in the case came earlier this month when the presiding judge, Mr Gerhard Gesell, at the request of the prosecution, dismissed the two central charges of consolratwo central charges of conspir-acy and attempting to defraud

the US Government.
Judge Gesell said he could not assure a fair trial unless Col North was allowed access to certain classified govern-ment documents. When the US



Reagan's hero: Lt Col Oliver North delivers the keynote address to the graduating class at Liberty University last May when he faced 16 charges relating to the Iran-Contra arms scandal

Justice Department ordered the documents withheld on national security grounds, the Government's case largely col-lapsed, a victim of the basic conetitutional right of an accused person to defend him-self fully and in public.

Critics believe the prosecu-

tion - led by Oklahoma-based attorney Mr Lawrence Walsh - should have foreseen this legal impasse long ago. Instead, they argue, Mr Walsh, 77, plunged ahead with an ambitious criminal case of conspiracy ill-suited to the scandal: in essence, the diversion of profits from US arms sales to fram into secret military aid to the Contra rebels in Nicaragua. Mr Walsh, during a distin-guished career going back to the 1930s, has successfully prosecuted villains ranging

from Nazis to Mafiosi. In the fran-Contra inquiry, his basic goal was to show that Col North and his co-conspirators defrauded the US Government of money to which it was enti-

President Reagan authorised the Iran arms sales in 1965-86 in a largely futile and politically inept effort to free Ameri-can hostages held in Lebanon. Col North overcharged the Irainto several secret operations, including bankrolling the Con-tras during a congressional ban on military aid.

tled as a result of arms shipments to Iran, and then attempted to cover up their

nians and funnelled the profits So much for the legal nice-ties; now for the more mun-dane political considerations in

dal broke in November 1986, Congress found it simply too hard to resist setting up its own investigatory machinery. Hence, a congressional inquiry unfolded in parallel with the criminal inquiry led by Mr Walsh. This uneasy competi-tion grew into outright conflict when Congress used its power to grant limited immunity

When the Iran-Contra scan-

witnesses whose testimony was deemed vital to the televised hearings of the joint House-Senate committee. The award of limited immonity, while ensuring that the story of the scandal could be revealed to the American public, meant Mr Walsh and his cadre of 35 attorneys could not use their evidence in a future

from prosecution to certain

court case unless they could show they had obtained it inde-pendently of the congressional The second, ultimately decisive obstacle to Mr Walsh concerned national security. Col North - despite an infinite capacity to embellish - burrowed his way into many of the most sensitive undercover operations conducted by the Reagan Administration. Therefore it was only natural that Col North's central defence would be that every action he took was authorised – and he could prove it, given the rele-vant documents and the right

Over the new year, the deco-ited Vietnam veteran and Mr Brendan Sullivan, his lawyer, showed how far they were prepared to go, serving subpoenas on President Reagan and President-elect George Bush, along with a plethora of top Reagan Administration officials, incloding Mr George Shultz, Secretary of State.

Past precedent suggests it is doubtful that President Reagan will be called into the witness box (although he may have to surrender his diaries, which may in turn halt work on a \$5m book contract). Equally, the deference traditionally shown by the courts to the office of the President suggests Mr Bush will not be called to appear either (although Judge Gesell, presumably to satisfy the constitutional historians, stressed last week that he did have the power to summon the President, should he so

We have reached a curiously we have reached a curiously unsatisfactory end to a scandal which, when it broke, shook the Reagan presidency to its core. Perhaps, as many Repub-licans insisted at the time, the case should never have come down to criminal charges because Col North's offence was primarily political; it was his defiance of Congress's intent - rather than his pursuit of personal gain - that constituted the problem. A cleaner ending would have

come if President Reagan had shown the courage of his con-victions and used his power to pardon his national hero. But Mr Reagan, fearing that a new controversy would sour his presidency, declined to act. And so the buck stopped with Col North who now faces the prospect of jail, the lecture circuit or a combination of the

THE LEX COLUMN A foggy day in London town

The second secon

As a pointer to today's trading, yesterday's close in London was perfectly amhiguous: up 37 points on the day, and down 30 points since lunch. The nature of demand looked pretty undecided as well; turnover was in the stampede class, at over 1bn sbares, but the institutions were reported as unwilling to chase the market after its ini-

chase the market after its initial surge. It was not even clear how much of the afternoon slide was due to profit-taking, and how much to market-makers pushing prices down in the desperate hope of stimulating two-way trade.

But while no-one has the least confidence in the rally continuing, the fund manager's problem remains unsolved. Having started the year massively liquid — not helped by January's heavy dividend receipts — the institutions are distinctly short of options. Property was last year's play, and sits badly with high interest rates: glis are a source of income, not a home for funds: income, not a home for funds: and foreign investment looks perverse when overseas inves-tors are suddenly alive to the attractions of London. Cash looked attractive only ten days ago, but 12 per cent interest can be beaten by a capital gain of just 1 per cent a month, and the FT-SE is up 14 per cent this

month already. Wall Street, meanwhile, gave London no guidance at all yes-London no guidance at all yes-terday. The received wisdom is that New York's rally is yet more precarious than Lon-don's; hut for what it is worth, the strength of the US bond market in the past two months makes US equities look almost cheap in yield terms. One might hazard a guess that the UK market will end the first marker somewhere around its quarter somewhere around its present level; but as to what happens in the meantime, and when, there is no saying.

Ultramar

Ultramar has been a bid stock for as long as anyone can remember, and with a couple of Canadian predators, backed by a wealthy French bank, joining the uniquitous Sir Ron Brierley on the share register, there is a better chance that there is a better chance that one day some one will make a run at the company. But if yesterday's modest move in the Ultramar share price is any guide, punters will probably have to wait awhile.

For a start, the Canadian stake of less than 5 per cent is not much of a bargaining counter; and while a willing Canadian buyer of Ultramar's

Canadian buyer of Ultramar's Canadian assets would make a hreak-up far more acceptable politically, it is hard to see a **US Yield ratio** US long bond yield divided by S&P composite dividend yield

87 88 89

single buyer wanting a bit of Indonesia and the North Sea, plus a US West Coast refinery. This is perhaps why there is talk of an eventual consortium bid. But getting agreement among consortium members when a contested hid turns into an auction can be tricky. Ultramar still has a chance if it can get its share price up, but so far it has not been particu-

Fund managers

1985 86

If the recent sharp rally in global share prices is not fol-lowed by an equally savage col-lapse, it will have done won-ders for the earnings of the quoted UK fund managers. Their fixed cost operations are highly geared to the level of the market, with higher share prices flowing through directly into fatter fees; Kitcat & Ait-ken, for example, estimates that a 20 per cent rise in the market could boost the earn-ings of Henderson Administra-tion and GT Management by 80 per cent.

But the rally has almost cer-tainly come too late to save the independence of GT Management, one of the last sizeable independent UK fund managers. Unlike Mercury Asset Management and M&G, it is not protected by powerful shareholders, and its recent financial performance has been miserable. Although it is less exposed to the depressed unit trust industry than some other managers, the build-up of its undoubted expertise in international markets - particularly Japan - resulted in a very high cost base - one of the reasons why its first half profits fell by more than two thirds. Meanwhile, senior management upheavals and lacklustre investment performance have left the group vulnerable

to predators. Having said that, GT Management and the dwindling

band of other independent quoted fund managers have their attractions. Although margins may be under pres-sure, the cash flow from fund management is far more reli-able than that of the broking business, and the appetite for capital is far less demanding. For domestic financial institu-tions such as building societies and smaller life companies. and smaller life companies, which have the distribution capabilities but lack the investment skills, there are good reasons why n fund management company would fit nicely inside their growing financial empires. However, GT Manage-ment's suitor is almost certainly a European financial institution which is prepared to pay a fancy price in order to be a player in one of the world's major fund management centres.

MB/Carnaud

The progress of the MB/Carnaud merger has been compli-cated by the marauding atten-tions of Mr Elllott, but is evidently going ahead regard-less. It is not wholly clear what Elders hopes to achieve. A bld would never have been feasible with Scottish & Newcastle still under review, and while it can be argued that Carmaud is getting MB's packaging business chass. chean the neatness of the fit makes it unsurprising that Mr Elliott has yet to find a count-er-bidder. The device of buying a blocking stake in MB war-rants must have seemed neat at the time, but It is MB's contention that since assent from the warrant-holders was not strictly part of the scheme of arrangement, it can at a pinch be dispensed with.

Assuming the deal goes through, MB'e shares might look on the cheap side. Warlook on the cheap said. Wat-burg calculates the present 280p share price as made op of 157p of Carnaud equity and 70p of cash on completion, leaving 53p - 7 times current earnings - for the radiator and cheque book business. In the light of recent shemanigans on the Paris bourse, it is scarcely surprising if UK investors feel slightly edgy about bolding Carnaud shares; but of that 157p, 62p worth will be directly held - and thus disposable after the merger takes effect. The counter-argument is that the present MB price values actual post-deal earnings et around 12 times - distinctly dear in old Metal Box terms. But that, after all, is negative thinking in the context of 1992.

Yugoslav party chief warns of civil war

CIVIL WAR was threatening Yugoslavia, Mr Stipe Snvar, the country's Communist party leader, said yesterday, calling for an end to what he termed federal units." the bitter political infighting of the past year.

The 52-year-old leader from the northern republic of Croatia was speaking at the opening session of the three-day meeting of the party's central committee called to discuss, yet again, the country's political and economic crisis.
In remarks clearly aimed at

Mr Slobodan Milosevic, Ser-bia'e party chief who last week demanded a change of national party leader, Mr Suvar said the country must choose between "pluralism" and "neo-Stalinism." In particular, he said the party leaderships in the repub-

stocks, especially cars, in Frankfurt, which left the mar-

ket 1 per cent lower. Paris was

depressed by another bourse employees' strike and Milan

by political tensions.
Some of the London mar-

prices to fall yesterday as investors moved to realise some of last week's gains from trading, but their pessimism was unfounded. Big City

investment institutions contin-ued to buy shares and prices were pushed higher. More

than a 1im shares were traded yesterday, about the same as

on Friday, but well up on vol-

nmes seen last year. Equity analysts said that

share prices had risen strongly because of a significant change

vojvodina is a northern province, constitutionally linked to Serbia, where demon-strators loyal to Mr Milosevic last year forced the resignation of the provincial party commit-tee and ensured its replace-ment by pro-Milosevic politi-cians. A similar demonstration brought down the leadership of

party chief has led to a back-lash from the republics of Croatia and Slovenia, and Mr Suvar, once highly unpopular there, is now gaining support.

Montenegro, prompting charges of "mob rule" by crit-ics of Mr Milosevic. The behaviour of the Serbian

London equities rally enters third week

ment institutions, such as pen-sion funds and insurance com-

panies. Warburg Securities estimates that these institu-tions will have a cash inflow

tions will have a cash inflow this year of £22hn (\$38.72hn), of which £8.5hn will be dedi-cated to the equity purchases. The London market is seen as having been cheap relative to other major financial cen-tres with the exception of Japan, which appears to trade on different and higher stan-dards of valuation than in

The belief is that unless some of these republics rally around the party leadership, Mr Milosevic is likely to gain

further ground by adopting similar tactics against them.

This is the issue which is now dominating the plenum. And one of the crucial items on the agenda is whether it will decide to convene an extraordinary party congress or bring forward the regular congress, due early next year.
Vojvodina, with Serbia'e backing, is calling for an extraordinary congress. If the central committee agrees to

this, it has three months to decide on the exact timing. Mr Milosevic is likely to gain support at such a congrese because of the way in which delegates are selected: the

ding Japan, and 20 per cent above the dividend yield in Continental equity markets. Mr Richard Jeffrey, econo-mist at Hoare Govett, the secu-rities house, said the rally had been driven largely by techni-cal factors. "I don't think it is

panic but I think it shows an awareness that a high degree of cash in funds could led to a

very significant under-performance," he said.

Underlying the rise was optimism that the Govern-ment's high interest rate strat-

ment's nigh interest rate strategy was working, he said.
"It is now obvious that demand is slowing. Fund managers are willing to take on the bet that a slowdown will moderate inflation and the country account" said Wr. Lef.

current account." said Mr Jef-

number sent from each of the six parties and two provinces would be in proportion to their number of party members.

• Global Motors, US distribu-

• Global Motors, US distributor of Yugo cars, said on Monday it had filed to reorganise
under Chapter 11 of the bankruptcy code, Reuter reports
from New Orleans.

Global, based in New Jersey,
will be taken over by Zestava,
the Yugoslav producer of the
low-priced cars, which will continue to import them.

Global owns 97 per cent of
Yugo America, which was
formed just over three years
ago to distribute Yugos in the
US. Global owes Yugo dealers
\$2.5m, mostly as reimburse-\$2.5m, mostly as reimburse-ments for rebates. Some 120,000 Yugos have been sold in the

trade figures for December, which encouraged the belief that base rates had peaked at

13 per cent.
13 per cent.
13 per cent.
15 Gerard Lyons, chief UK
economist at SBCI Savory
Milln, said the equity market
was focusing on positive
aspects of the Government's
policies.

He warned: "Inflationary

He warned: "Inflationary pressures are still going to be picking up. Exports with still be hit by sterling's strength and the current account deficit will remain large. In addition, corporate profitability will be supported."

Steel output likely to slip in 1989

By George Graham

STEEL production in the industrialised nations rose strongly last year but a down-turn is likely in 1989, according to the Organisation for Economic Co-operation and Devel-opment (OECD).

The Paris-based organisa-tion, which includes 25 of the world'e main industrialised countries, says raw steel out-put rose in 1988 by nearly 9 per cent from the 351m tonnes produced in 1987.

This year, however, demand from the US construction industry and from the car industries of Europe and Canada is expected to decline, and the high level of steel stocks built up over the past year is likely to be reduced, the OECD

Total demand in the OECD area for steel products rose last year by 11 per cent from 1987's 365.6m tonnes of raw steel equivalent. Demand growth was especially strong in Japan (up 16 per cent), the EC (up 9 per cent) and the US (up 8 per cent).

In 1989, however, demand is forecast to fall by 3.5 per cent throughout the area, with a 8 per cent drop in the US, 3.5 per cent in Japan and 2 per cent in

Imports of steel hy OECD member countries rose by 11.5 per cent last year from 50m tonnes in 1987. Japan's imports rose by 50 per cent from the modest level of 5m tonnes in 1987. OECD exports dipped by 1 per cent from 75.8m tonnes in 1987, but the US increased its exports by 65 per cent, from the low level of 1m tonnes in

NEWS REVIEW

BUSINESS

World interest in artillery trainer

The Ferranti International Low Cost Artillery Trainer (LOCAT) was demonstrated last month at a range on Selisbury Plain to 35 representatives of 17 nations. The visitors saw how realistic training of forward observers could be carried out at minimal expense. LOCAT, produced by Ferranti Instrumentation, Weapons instrumentation. Weapons Equipment Department, allows forward observers to correct fall of shot in the same way as they would with conventional artillery but, heing based on compressed air, it utilizes low-cost materials for both launcher and rounds.

Traffic monitoring

The Data Systems Group of Ferranti Industrial Electronics has supplied a new remote traffic signal monitoring system to Lancashire County Council. From a base at traffic control headquarters in Preston, the system monitors the operation of traffic signal controllers located at road intersections throughout the county. A further 40 outstations are currently being installed in the system which is designed to handle up to 256.

Briefly...

Ferranti Business Communications has introduced Telemanager, a new telecomms management system which could help users identify savings of up to 30 per cent on their present phone bills.

An MoD contract for the production of sonar equipment duction of sonar equipment has been won by DBE Technol-ogy Group, Aldershot and Uni-versal Sonar of Bridlington, both Ferranti International

- ADVERTISEMENT -

Blue Vixen success

A further important step has medium and high PRF plus been taken in the Ferranti high PRF velocity search. The International Blue Vixen system will select, antomatirador programme with another development phase mode for optimum detection, successfully completed. Blue Vixen is the first of a new generation of radars designed from initial concept, for compatibility with the Advanced Medium-Range Air-to-Air Missile (AMRAAM). It has been ordered for installation in the Royal Navy's Sea Harriers as they are ungraded to FRS 2 standard.

The radar system has successfully demonstrated its capabilities in its four main air-to-air modes, during flight trials in a modified BAs 125 at RAE Bedford. These trials air modes. This repetition (PRF) modes – low, a high-clutter background.

DIAGNOSTICS Healthy news in Wales

Ferranti Computer Systems leading supplier of such systems wom an order worth tems in the UK with 140 £114,000 for its Delphi-led at Glan Clwyd Hospital in the Clwyd Health Anthority in North Wales.

This biochemistry diagnostic data handling computer is the first complete turnkey system to be sold into Wales and will standard software suits for be sold into Wales and will syive laboratory and medical staff a new computerised data management system for the handling and storage of biochemistry patient records. This latest order confirms the system, including user training will be provided by Ferranti Healthcare Systems Division.



on different and higher stan-dards of valuation than in Europe and North America. Goldman Sachs, the US secu-rities house, said the London market was selling on a price to earnings ratio of 10.5, some 10 per cent below the world p/e, excluding Japan. At the same time, the London mar-ket's dividend yield of 4.6 per cent is 40 per cent above the world dividend yield, exclu-Mr Gavyn Davies, chief UK economist with Goldman Sachs, said that the UK market's rapid rise made it valuerable to a piece of bad economic in sentiment towards the Lon-don market by its principle frey. Sentiment was boosted on news, but that the market had reached new levels on which it was likely to build. investors, the major invest-Friday by better than expected

TC TF | Rhodes | 10 SD | Rhodes | 10 SD | Rho de J'o 17 m | Rome | 20 SB | Statisturg | 24 75 | Southern | 24 75 | Southern | 24 75 | Southern | 25 | Southern | 25 | Southern | 25 | To Tale | 13 SC | To Tale | 15 SD | Towards |

WORLD WEATHER

Continued from Page 1 Moscow in October, is likely to discuss deepening economic co-operation. However, although West German exports to the Soviet Union rose sharply last year from the low level of 1987, there is little immediate prospect of a high immediate prospect of a hig jump in overall bilateral trade, which has been in the dol-drums since 1984. Mr Gorbachev, who has been to West Germany only once before, is expected to visit at least one federal state outside

Bonn, in view of Mr Gorba-

cheve popularity in the Fed-

eral Republic, Bonn's allies may fear that he will use the publicity generated by the visit to undermine Nato's defence efforts for the 1990s.

Gorbachev seeks international support

However, according to Mr Peter Danylow, a Soviet expert at the Bonn-based German Society for Foreign Affairs, Mr Gorbachev is likely to concentrate more on improving gen-eral political relations rather than unveiling any new disar-mament initiatives. Mr Danylow also suggested

that one of the main points of discussion would be to improve

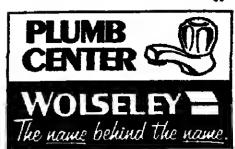
routine daily working condi-tions of West German companles trying to do business in the Soviet Union. Officials in Bonn yesterday cautioned against expecting

any breakthrough on the eco-nomic front. Underlining that the Soviet Union's payments difficulties had been exacerbated by confusion over economic restructuring, one official said: "It's an organised chaos. The people in Moscow don't know what they can do. Under old Brezimev, they at least knew that."



FINANCIAL TIMES COMPANIES & MARKETS

Tuesday January 31 1989



Daimler slips Into the pilot's seat



Benz, West Germany's biggest industrial company, is to take a controlling stake in kow-Blohm (MBB), the aerospace group, brings a prolonged period of talks and

tions near to an end. The once important role played by the federal government has turned into more of a walk-on part and, while many organisational details remain to be solved, the broad lines of the takeover are becoming clear, reports Halg Simonian. Page 20

Not-so-cosy chat over the cocca The International Cocoa Agreement remains on the critical list. Talks in London last week brought producing and consuming country members no closer to agreement on the key issue of the price level the pact should seek to defend, or on the equally contentious problem of mounting arrears on levy contributions by producing members. All delegates could agree on was to meet again next September in the hope of salvaging something from the pact. Page 30

Sunday Sport press baron found in stock market



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Mr David Sullivan (left) is known in Britain as the publisher of "girlie" magazines, the man who took Lord Stevens! Star newspaper down market for a few weeks and the proprietor behind exclusives in the Sunday Sport such as Second World War

Snoddy tooks at how, with hie purchase of a 5 per cent stake in Portsmouth and Sunderland Newspapers last week, a new, previously-hid-den David Sullivan has emerged — David Sullivan the investor. Page 26

UK tops the markets rostrum



The UK was at the forefront of world equity market dains last week, with its 4.6 per cent climb shoogly outperforming the advance of 2.15 per cent in the FT-Actuaries World index Singapore, Ireland and the US were the runners-up, while New Zealand, italy, Spain and Denmark were the only markets to lose ground over the week. Page 42

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SSMC
Servo Electric
Scot. and Newcastle
Scott Paper
Semi-Tech Microelec. Shamrock Partners Siough Estates 27 Slough Estates 27 Southend Property 27 Splash Products 27 Strong & Fisher 26 Telco. Telcas Eastern

Textured Jersey

Chief price changes yesterday | Hillschart | Hil 1139 300¹2 + 7¹2 178 + 5

"This was an arb stock because Icahn was in there as a catalyst," said an arbitrageur yesterday. "Now it's an oil company in which Icahn just happens to have

shares."
Under the agreement, which was completed after negotiations that lasted all Saturday night, Mr Icahn promised to stop pushing for changes at Texaco and signed a seven-year "standstill" agreement not to buy more stock or launch a takeover hid. Mr Icahn also agreed to restrictions on how he disposed of his

would pay out \$1.9bn of the cash he had raised from recent asset sales in special dividends to shareholders and spend a further

shareholders and spend a number \$500m to buy back stock.

The deal appears to end a year of great uncertainty for Mr Kinnear. Mr Icahn, who started building his 16.6 per cent stake in late 1987, launched an unsuccessful bid for control of Texaco last June and has repeatedly prodded the company into selling off businesses and raising cash. esses and raising cash.
"I believe that these moves by

on how he disposed of his stock.

In return, Mr James Kinnear, chief executive of Texaco, said he closer relationship between active ownership and manage-

ment will increase productivity," Mr Icahn said. However, the deal perplaxed

and infuriated Wall Street's arbi-trageurs, who were banking on Mr Icahn putting together a take-over for the oil company. "He's lost \$200m of his own money today," said an arb yesterday morning when Texaco stock was at \$50, down \$4%.

Other analysts were not surprised that Mr Icahn had buried the hatchet. They say the \$1.9bn in special dividends, which amount to \$50 e shore in cash and

amount to \$8 a share in cash and securities, will yield Mr Icahn about \$320m or roughly his cost of financing his Texaco position.



Ultramar claims it is target of takeover plan

By Steven Buffer in London

ULTRAMAR, the UK oil group, yesterday said it was the target of a possible takeover bid by a consortium being put together by Noverco and Unigesco, the Canadian-based companies, and Banque Parlbas.

que Paribas.

Mr David Elton, an Ultramar director, said that the Canadians, who hold a 4.27 per cent stake in Ultramar, had contacted several international oil companies and financial institutions to form a consortium for a bid, which analysts said would have to exceed £1.2bn to succeed.

Share price

be reached for comment. Any bid would presumably result in a division of Ultramar's

assets. These include natural gas production in Indonesia, and a portfolio of North Sea exploration and production assets.
Ultramar revealed in early
December that the Canadian

UK Nkr 0.280bn

1987 total

Nkr 2.847bn

further 2p to close at 310p.

Mr Marcel Dntil, Noverco chairman, has made clear the group would like to acquire Ultramar's oil refining and marketing businesses in eastern Canada, although a bid for the entire group is thought to be hevored. group is thought to be beyond the resources of the Canadian

Dutil was understood to be in The notion that a consortium was being formed was greeted with some scepticism yesterday among analysts in the City.

Sir Rom Brierley, the New Zealand bestpacement, bolder 2 18 per land businessman, holds a 14 per cent stake in Ultramar, which he acquired through Brierley Invest-ments in 1986. Sir Ron is thought

Premier Consolidated Oilfields. the UK independent oil company, holds 2 per cent of Ultramar, and

is understood to be interested in Ultramar's UK and Indonesian operations, both of which would operations, both of which would be large acquisitions for Premier. Ultramar, said yesterday that it would resist any proposal which did not reflect the company's assets and prospects. It said Ultramar had an "effective strat-egy for the development of its core businesses which provide an excellent balance both geographi-cally and between its upstream and downstream activities." and downstream activities.

interested in finding a way to sell Lex, Page 18; Background, Page 26

Dutch insurer plans \$440m US purchase

By Laura Raun in Amsterdam

NATIONALE-Nederlanden, the biggest Dutch insurance comniggest Dutch insurance com-pany, is buying Southland Life insurance for \$440m in cash from American Brands, the US tobacco and consumer products group. The planned takeover is the largest Dutch acquisition in recent memory and highlights the Dutch insurance industry's extremely acquisitive nature.

extremely acquisitive nature.

The deal is also Nat-Ned's third

recent acquisition. Last week it announced the purchase of two Canadian insurance companies, Groupe Commerce Compagnie d'Assurances and Compagnie d'Assurances Palleire. d'Assurances Bellair.

Southland, owned by American Brand's Franklin Life Insurance, will increase the US contribution to Nat-Ned's total premium income to one-third from 23 per

cent now.

Southland, based in Plano,
Texas, is solely involved in life
assurance and is expected to
complement Nat-Ned's Life Insurance Company of Georgia and "a close co-operation between the two companies is envisaged."

Southland has assets of \$1.1hn, total turnover of \$230m in 1988 and licences to operate in 48

states and the district of Columhia. Nat-Ned, had assets of \$40bm last year and total revenue of F1 17.2bn (\$8.1bn) but no figures have been released for 1988. Our Financial Staff add: The

last major Dutch acquisition in the US was also in the insurance sector. In 1966, Aegon paid \$364m for Monumental Corporation of Baltimore. American Brands also yesterday amounced a slight fall in fearth quarter set resist. in fourth quarter net profit from operations to \$128.9m or \$1.35 a share from \$131.4m or \$1.16.

In the latest quarter, a \$900,600 loss from discontinued operations made final net \$128,000,000 or \$1.34 a share. A year earlier, \$24.3m of income from discontin-ned operations made final net \$155.7m or \$1.38.

For the year, American Brands reported net from continuing operations of \$540.8m or \$5.44 a share, against \$501.8m or \$4.42 in 1987. In 1988, \$39.2m of income from discontinued operations made final net \$580m or \$5.84. In 1967, \$20m of income from discontinued operations made final net \$521.6m or \$4.60. Revenues last year were \$12bn, against \$10.1bn in 1987.

MB warrant holders' meeting on **Carnaud** to go ahead

By Maggie Urry in London MB Group, UK packaging, printing and central heating equipment concern, is going ahead with a meeting tomorrow of its warrant holders — called in connection with plans to merge its packaging business with Carnaud of France—despite the possibility that Elders Investments will block the proposals being put to the investors.

investors.

Elders Investments, a subsidiary of Elders IXL, the Australian brewing, finance and pestoral group headed by Mr John Elliott, expressed doubts last Friday about the merger with Carnaud, a leading French packaging commany.

ing company.

However, MB has legal advice However, MB has legal advice that even if the proposals being put to warrant holders are defeated, this will not affect the company's ability to carry through the Carnaud deal. Barings, MB's morchant hank adviser, said yesterday it could see "nothing to stop us doing that at the moment."

Elders Investments holds 4.2m warrants, over 25 per cent of the 16.6m in issue. The resolution being put to the holders — which would allow them io trade in their warrants for paper in the post-merger husinesses requires acceptance by 75 per cent of votes cast. Elders Investments also holds 5.6 per cent of

ments also holds 5.6 per cent of MB's ordinary shares.

Barings argues that the passing of the proposal to warrant holders is not o condition of the scheme of arrangement by which the merger will be effected. It is a condition of the merger agreement, but this could be waived. Barings said.

Representatives of Eldors Investments met Mr Brian Investments met Mr Brian Smith, chairman of MB Group, and Mr Murray Stuart, group chief executive, on Friday afternoon to express doubts about the merger, Yesterday Elders Investments said those doubts had not been allayed, It said it planned to attend the warrant holders' meetings but had not yet decided how to vote.

how to vote.

Mr Elilott said on Friday that he was not convinced that the marger proposal was in the best interests of shareholders, However, he said Elders would not itself bid for MB, though it

might submit other proposals.

The proposal to warrant holders would allow them to exchange their existing warrants exchange their existing warrants for warrants to buy shares in the post-merger MB Group or to subscribe for MB shares at 157p (\$2.76), instead of the current 192p exercise price, until February 20. MB shares fell 3p to 280p yesterday. Lex, Page 18

This announcement appears as a matter of record only.

January 1989



SCA Capital Corporation B.V.

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Amnesty' hits Texaco stock

STOCK in Texaco, the third-largest US oil company, tumbled sharply yesterday as disappointed takeover speculators dumped several million of the company's shares on the market. The flurry of sales, which pushed Texaco's share price down by almost 10 per cent at one point in the morning, was a sharp response to Sunday's unexpected armistice between Texaco and Mr Carl Icahn, its main shareholder and irritant to manshareholder and irritant to man-agement. Analysts and arbitrageurs say that the agreement makes Texaco most unlikely to be taken over in the near

companies which had been con-tacted and Canadians could not

companies had accumulated the 4.27 per cent stake. Since then Ultramar shares have risen strongly and yesterday added a

Canadian group on Friday issued a statement saying that it was still considering its options in regard to the share holding. Mr

companies.

Following a prompting by the Takeover Panel last week, the

Revenues by region Pre~tax profits/loss Denmark Nkr 0.277bn Nkr 0.241bn 400

The waning of the wonder of Norway

Alan Cane and Karen Fossli look at mistakes made by the once high-flying Norsk Data

mini-computer manufacturer, is in deep trouble – and its predicament underlines the dangers of

not adapting quickly to the industry's rapid pace of change.

Norsk Data's 1988 results, released last week, showed the group plunging into pre-tax losses of NKr87im (\$131m) on a turnover of NKr2.9bn (\$435m). It announced drastic plans, includ-ing the shedding of 800 jobs, 20 per cent of the workforce, to return it to profitability.

The computer industry is being

shaken by waves of change more intense than any since the advent of the modern computer in the 1950s. Simply keeping up with these changes is stretching the resources of most computer manufacturers; where a company faces additional hazards — a weakness in its home market, for example, or a decline in any of its niche markets, the result, as in Norsk Data's case, can be spectacular reversals of for-

spectacular reversals of for-tune.

Its problems stem from a trio of factors: placing too great a reli-ance on the Norwegian computer market; failing either to computer hand or exploit technological changes which are putting intense pressure on margins; and not responding rapidly to chang-ing customer demands for stan-dard, rather than proprietary, computer systems. computer systems.

The question now is whether

the company has the strategy and the resolve to recover unaided; the alternatives seem to be absorption into a larger group or a gradual decline into the Nordic twilight, probably in the role of a medium-sized systems house. Industry analysts, without exception, are gloomy about the company's prospects, arguing that it is applying a financial and technological band-aid too late. Norsk Data's success in the past, rather like that of Nixdorf of West Germany with which it is frequently compared and which is facing its own, somewhat simikar, problems, has been based on excellent, cost-effective technology and on a relationship with its customers that is close to part-

However, the company has never made the leap from national computer champion to global player. The Scandinavian market still constitutes some 70 per cent of its business. That market is now perilously weak,

It was once the wonder of Norway, the brightest star in the country's business firmament. But now, Norsk Data, the recovery in the foreseeable

one of ND's niche strengths, for example, is the newsprint industry. In 1986 it notched up sales of NKr100m, representing a 90 per cent market share in Norway. Last year sales were only NKr33m, despite an unchanged

Mkr33m, despite an unchanged market share.

In the UK, one of its fastest growing markets, the company took over the troubled word processing company Wordplex. However, much of the year, says managing director Mr Steve Bennett, was given over to consolidating the merger of the two organisa-

These difficulties aside, analysis say the company's failure to move quickly enough to exploit changes in newly-emerging com-puter technology is much more puter technology is much more serious and may eventually prove its undoing. Companies making minicomputers – systems for small and medium-sized busi-nesses – are being forced by a combination of hardware eco-nomics and customer pressure to move to standard computer designs to which they add value by building in special facilities. The computers are built from high-performance, standard

microprocessors running the industry standard operating sys-tem Unix. hese high-performance microprocessors are of "risc" design, simple chips that trade off blinding speed and low-cost manufacture against complexity in the Unix operating system. Systems of this design offer powerful advantages for customers who are able simply to link together computers of different together computers of different together computers of different together computers of the ent manufacture and run the same applications software on

any of them. Now a number of governments and armed forces are insisting on Unix capability as a condition of tendering for contracts. ND's lack of capability in this area has already cost it Nkr100m in Swed-ish Government contracts. How could a company so technologically competent have made

such a serious error? Three years ago, Mr Rolf Skar, Norsk Data's founding president, and his senior executives visited Information Technology (ITL), a small UK-based minicomputer company he was thinking of acquiring. ITL had become convinced Unix was the way of the future but its views fell on deaf systems experience.

Unix was cripplingly slow, the ND executives claimed, and had glaring faults including serious lack of data security. The proposed takeover came to nothing. ND's criticisms were accurate, but the advantages of Unix were so great that users were prepared to live with the system. Mr Skar said this week that he

had foreseen the importance of Unix as early as 1986 but that to have made the changes that early would have been unthinkable in a company that was one of the world's most profitable computer businesses: "Some of this we saw coming but there was no way we were going to change," he con-

plan to reorganise ND was initiated as early as 1987, but it was not until last December that the size of the invoctment needed, some NKr600m, had been quantified. It is possible to argue that ND could not have a changed its root could not have changed its prod-uct strategy three years ago because there were far too many orders on its books for it to put its customers through the trauma of change to another computer

However, the US computer manufacturer Hewlett Packard did just that three years ago, changing the fundamental design of its computers to one based on risc microprocessors. The first of its new computers are now being delivered and they are being delivered and they are being given high marks from customers for power and cost-effectiveness. Norsk Data has finally bitten the Unix bullet, but most of its competitors are already there. Its emergency measures include establishing a new subsidiary, Dolphin Computers, to make industry standard computers based on risc chips from Moto-rola, the US chip manufacturer, and a renewed emphasis on form-ing partnerships with customers. The company is cash-rich, but its hopes of growth, given its weak home market, must be

Norwegian law, which used to forbid foreign organisations from taking majority holdings in companies such as Norsk Data, has been relaxed as a result of the effect of the oil price on the Norwegian economy. So a takeover or merger is a distinct possibility as an answer to the company's problems. The buyer would gain customers and distribution chan-

(Incorporated in The Netherlands with limited liability)

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JOINT CAUTIONARY ANNOUNCEMENT

Negotiations are in progress between Union Steel and Phoex which may affect the value of the shares. Accordingly, shareholders are advised to exercise caution in their dealings. A further armouncement will be made as soon as possible.

IVOR JONES ROY and CO. INC

Reg No. 73/06709/21 ber of the Johannesburg Stock Exchange) 30 January 1989

Nederlandsche Middenstandsbank nv

U.S. \$100,000,000

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FIDELITY FEDERAL

SAVINGS AND LOAN ASSOCIATION

Collateralized Floating Rate Notes Due 1992

99/16% per annum 31st January 1989

Interest Period

28th April 1989

Interest Amount per U.S. \$100,000 Note due U.S. \$2,310.94 28th April 1989

Credit Suisse First Boston Limited

The Finnish Paper Mills' Association – Finnpap

U.S. \$100,000,000

Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period January 31, 1989 to July 31, 1989 has been fixed at 911/16 per annum. Interest payable on July 31, 1989 will be US\$487.07 per Note of US\$10,000.

Agent

Morgan Guaranty Trust Company of New York London Branch

N#B BANK

Floating Rate Notes Due 1992

In accordance with the provisions of the Notes, notice is bereby given that, for the six month period 31st January, 1989 to 31st July, 1989, the Notes will bear insterest at the rate of 914ts per cent, per sumum. Coupon No. 8 will therefore be payable on 31st July, 1989, at the rate of US\$12,333.77 from Notes of US\$250,000 nominal and US\$493.35 from Notes of US\$10,000 nominal.

Agent Bank

U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

Wells Fargo & Company

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st January, 1989 to 28th February, 1989 the Notes will carry an Interest Rate of 9.35% per annum. Rate of 9.35% per annum. Interest payable on the relevant interest payment date 28th February, 1989 will amount to US\$72.72 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London



Security Pacific Corporation

Dutch Guilders 250,000,000 Floating Rate Notes 1996 due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from Jenuary 31, 1989 to July 31, 1989 the Pate of Interest has been fixed at 6% per cent and that the interest payable on the relevant interest Payment Date, July 31, 1989, against Coupon no. 7 in respect of Nig60,000 nominal of the Notes will be Nig100,000 nominal of the Notes will be Nig2,339.90.

Agent Bank



US \$150,000,000

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

FLOATING RATE NOTES DUE 1993

For the six months 31st January, 1989 to 31st July, 1989 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 91 1/1s per cent and that the interest payable on the relevant interest payment date, 31st July, 1989 against Coupon No. 22 will be U.S.\$48.71.

INTERNATIONAL COMPANIES AND FINANCE

Dutch group obstructs Hollandsche takeover

By Our Financial Staff

VOLKER STEVIN, the Dutch construction group, said yes-terday it had strengthened its anti-takeover defences following indications that Hollandsche Beton Groep, a rival body, is huilding up a formida-ble stake in the company.

The move comes as Hollandsche, the largest Dutch construction group, confirmed its stake in Volker's total common stack outstanding had mon stock outstanding had grown to around 40 per cent by the end of December and that it intends to buy more Volker stock in the future. Hollandsche Beton said:

"Our intention is that we would like to work very closely with Volker." But it could not comment on whether it sought a full takeover of its rival the Netherlands' second

Volker charged that HBG was intent on acquiring all of the company. The measures announced yesterday include granting a two-year option to buy up to 7.5m authorised but yet unissued vote-carrying preference shares to the existing management-controlled trust that already bolds 2.5m of the shares. If the options were exercised, the trust would in effect control 67 per cent of all voting power in the

company.

Also, in the event of a bid by
HBG, Volker would transfer legal ownership of three of its divisions to three special foun-dations outside the company.

Dyno to raise foreign stake limit to 33%

By Karen Fossii in Osio

DYNO INDUSTRIER, the diversified Norwegian group with main interests in explo-sives and chemicals, is to widen to one-third the foreign ownership in the company fol-lowing a recent Norwegian ruling which defined it as a Norwegian company.

Under previous legislation for foreign shareholdings in Norwegian companies, Dyno was classified as a foreign company because of a 51 per cent stake in the company held by Norsk Hydro. Although Hydro is Norway's largest publicly quoted com-pany, it was previously classified as foreign because of the high foreign ownership of its

The earlier limit on foreign shareholdings in Dyno was 20 per cent, and this will be raised to 33.3 per cent. Foreign interests currently hold about 8 per cent of the company's stock.

Dyno also announced it would publish its results quarterly from now on — in line with US practice — instead of every fourth months. The company has an annual NKr5bn (\$746m) turnover, and after the first eight months of

1988 it posted net profits of

Finnish group plans Spanish paper venture

By Oill Virtagen in Helsinki

ENSO-GUTZEIT, one of Finland's leading forest products groups, has signed a letter of intent with La Papelera Espanola, the Spanish paper producer, on building a large paper mill in Spain. The project would cost about \$400m.

The new paper mill is The new paper mill is planned to produce 200,000 tonnes of wood-containing

printing and writing papers annually. La Papelera is Spain's biggest producer of these paper grades. National Australia **Bank Limited**

US\$100,000,600 Floating Rate Notes due 1997

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 911 per cent for the period 31st January, 1989 to 31st

Interest payable on 31st July, 1989 per US\$10,000 Note will be US\$493.35.

Morgan Guaranty Trust Company of New York London

U.S. \$50,000,000 Bergen Bank A/S Floating Rate Notes due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from January 31, 1989 to July 31, 1989 to July 31, 1989 to July 31, 1989 to July 31, 1989 will be U.S. \$480.78 per U.S. \$10,000 principal amount of Notes. San Bissk, M.A.

Daimler taxis down the MBB takeover runway

Haig Simonian on a West German merger plan

I hree men contributed to the recent news that Daimler-Benz, West Ger-many's higgest industrial commany's higgest industrial com-pany, is to take a controlling stake in Messerschmitt-Bôl-kow-Blohm (MBB), the coun-try's leading aerospace group, closing a seemingly endless period of talks and periodic recrimination.

Mr Edzard Reuter, Daimler's chief executive, confirmed that his company would not only be huving 30 per cent of MBB

his company would not only be buying 30 per cent of MBB through a rights issue, as widely expected, but had also negotiated to increase its share to "just over 50 per cent" at an unspecified later date. Mr Gerold Tandler, the Bavarian Finance Minister and MBB's supervisory board chair-

MBB's supervisory board chairman, made clear that his government backed the deal. His predecessor, Mr Franz-Josef Strauss, who died in October, had been a doughty camnad been a doughty cam-paigner for a continuing strong link between MBB and its native Bavaria, a connection institutionalised in the large stake in the company held by the state and state-owned

Finally, Mr Hanns Arnt Vogels, MBB's chief executive, disclosed what Damler's new role in the group might mean in organisational terms, nota-hly regarding the likely carve up of its civilian airliner

activities.
All that was missing was a contribution from Bonn. The Federal Government has been closely involved in the MBB-Daimler saga, but Bonn's role has turned into more of a walk-on part since Daimler gained the financial guarantees it sought late last year and the ruling centre-right coalition settled its own last-minute

While stacks of organisa-tional details remain to be solved, the broad lines of the takeover are becoming clear.
Four main areas are involved.

Ownership: MBB's shareholder structure is notoriously complex, but Daimler has man-aged to reach broad agreement with most of its private sector shareholders to sell out.

Earlier this month, Allianz, Europe's largest insurance company, announced it had agreed to divest its 4.63 per cent stake, held in a jointly-company or which Rob. owned company in which Rob-ert Bosch and Bremen interests are also represented. Bosch itself has indicated its willingness to transfer its 4.39 while Allianz has not revealed how much it will get, for its stake, a figure of about DM107m (\$57.8m) has been

The eventual departure of Dresdner Bank and Bayerische Vereinsbank, represented through a 50:50 holding company, will leave only Siemens and Aerospatiale as MBP's other main corrected share. other main corporate share-holders. Both want to stay on. While Mr Reuter said Daimler planned to gain "a small majority," its exact size could not be specified at this stage. That requires an agreement with MBB's small private shareholders like the Messer-schmitt Foundation and the Bölkow and Blohm families. There could still be some "smaller stakes" after the reor-

ganisation, said Mr Reuter.

their way. Timing: How long the reorganisation will take remains uncertain. Mr Renter erred on

Seemingly the simplest change has involved the shares held by Bavaria, Hamburg and Bremen, all of which have local MBB production facilities. But while the decision to reduce their joint stakes to 36 per cent appears painless, a great deal of horsetrading is likely to have taken place behind the scenes, notably regarding continued assurances that work will come their way.

as his deputy.

Some signs of the future shape of MBB are already clear, Notably. Hamburg is to clear. Notably, Hamburg is to already already activities, including Airbus production. A new Hamburg-based company, capitalised at around DMicho and whose name and precise to be revealed, will have MBB and Kreditanstalt für Wiederaufban, a federal-government whose name and precise legal structure has still to be revealed, will have MBB and Kreditanstalt für Wiederaufban, a federal-government owned bank, as its shareholders with 80 per cent and 20 per cent stakes respectively.

Percentage shares	Now	After rights been and reorganisation (outlinate)
Delmier	-	80-64
State of Bavaria	24.06	16.6
Hamburg	18.22	12.2
Bremen	10	7
Fides*	20	10-14
Allianz	4.63	-
Dohert Roach	4,39	-
Dresdner Bank/Bayerleche V.bnig	10	-
Messerschmitt Stiftung	7	7
Ludwig Bölkow	1	7
Biohm tamily	0.60	7

the side of cantion in saying that Daimler hopes to have its majority by the end of this year, or early 1990 at the latest.

Matters could move much faster. Daimler's plan has to be approved by the Federal Cartel Office in Berlin, which has four months to investigate it. That suggests a decision by April followed by action by mid-summer, a timetable underlined by Mr Vogels, who spoke of results by August or

Any opposition on cartel grounds is widely expected to be overruled politically.

• Structure: Almost the only foregone conclusion is that the bulk of MBB will be incorporated into Dentsche Aerospace, the new defence and aeronau-tics subsidiary Daimler set up as part of its major corporate reorganisation in October. Deutsche Aerospace already takes in Dornier, the small aircraft manufacturer in which Daimler has a majority stake, existing defence activities and some of the aerospace business

handled by AEG. Earlier this month, Deimler provided some of the top names to go with its new sub-sidiary. Mr Jürgen Schrempp, previously head of the group's goods vehicle activities, will be Deutsche Aerospace's chief executive, with Mr Johann Schäffler, the boss of Dornier,

· Cost: Taking a majority stake in MBB will cost Daimler about DMI.7bn, according to Mr Reuter. Although his group Mr Reuter. Although his group has plenty of cash in hand — some DML5.4bn in cash and equivalent — a rights issue is due. The prospect of a large capital-raising, first suggested late last year, has periodically depressed Daimler's share price, and did precisely the same after Mr Reuter's admission, which went rather further than previous Daimler statements.

More interesting in the lon-ger term is what effect the MBB takeover will have on Daimler's overall profitability. Net group earnings in 1988 are expected to fall from the DM1.78bn made in 1987.

Some brokers expect that the rights issue, along with the known earnings pressure on Daimler and the much lower margins at MBB, will inevitably lead to a dilution,

Their estimates make little allowance for the inevitable disruption and the loss of management time that will be spent digesting and reorganis-ing MBB to fit into Deutsche Aerospace. Hence the widelyheld view that, while perhaps an excellent long-term decision by Daimler, the prospects for flying on with MBB in the shorter-term could be choppy at best.

U.S. \$150,000,000



Korea Exchange Bank

(Incorporated in the Republic of Korea under the Korean Exchange Benk Act of 1860, as amended)

Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from January 31, 1989 to July 31, 1989 the Notes will carry an interest rate of 97% per annum. The interest payable on the relevant interest payment date, July 31, 1989 against Coupon No. 8 will be U.S. \$12,333.77 and U.S. \$493.35 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank January 31, 1989



This announcement appears as a matter of record only.



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INTERNATIONAL COMPANIES AND FINANCE

Polaroid in \$1.1bn share repurchase

By Anatole Kaletsky in New York

POLAROID, the beleaguered US photographic company which has been fighting off a \$2.8bn takeover bid from Shamrock Partners, yesterday announced a \$1.1bn share repurchase programme and a \$300m white-knight investment from a New York fund manage-

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ment group.
Polaroid said Corporate Part-Polaroid said Corporate Partners, an institutional investment fund managed by Mr Lester Pollack and Mr Ali Wambold, had bought \$300m worth of newly-issued prefarred stock, convertible into 6m common shares at \$50 a

The company said it would use the proceeds of the stock issue, along with corporate funds and borrowings from a bank syndicate led by Morgan

shares outstanding, said no decisions had yet been taken about the price or timing of the shares repurchase. At yester-day morning's price of \$40% a share, up \$%, the \$1.1bn would buy back 27.2m shares or roughly 38 per cent of the com-

roughly 38 per cent of the com-pany's common stock.

But Polaroid previnusly announced plans to increase its outstanding common stock by 14 per cent in connection with an employee stock own-wership plan. In addition, its capitalization will be boosted by yesterday's issue of convert-ible preferred shares to Corpo-rate Partners, making the pre-cise effect of the stock repurchase on current share-

Guaraniy, to buy back \$1.1bn holders difficult to assess until Polaroid's employee stock own-of Polaroid, which has 71.6m Polaroid said the stock Shamrock has appealed the repurchase would be designed to "deliver directly to share-holders a portion of the com-

> enhancing prospects for future growth."
>
> The repurchase may also have been designed in part to offer Shamrock Partners, a private investor group led by Mr Roy Disney, an opportunity to liquidate their investment in Polaroid at a profit if they gave up on their takeover bid.
>
> Shamrock has offered \$40 a Shaurock has offered \$40 a share for Polaroid, and holds about 7 per cent of the stock. But earlier this month, its hid suffered a potentially fatal legal setback when the Delaware Chancery Court upheld

pany's current value while enhancing prospects for future

ership plan. Shamrock has appealed the judgment but some analysts believe that Shamrock may be ready to give up on its take-

over hopes.

In yesterday's announcement, Polaroid also held out the hope of further distributions in the future, after the settlement of its multi-billion dollar patent infringement suit

against Kodak.
It has already won a judg-ment against Kodak but the level of monetary damages has yet to be determined. Polaroid said it was asking Shearson Lehman Hutton, its investment banker, to "explore means of using the recovery to enhance short-term value to sharehold

Record quarter for Dow Chemical

By James Buchan in New York

BOW CHEMICAL, the second largest US chemicals group, yesterday reported another quarter of strong growth with earnings up 80 per cent in the timee months to December.

The Midland, Michigan company, which is enjoying good demand and high prices for products from its ethylene, chlorino and caustic soda operations, said fourth-quarter earnings were \$855m or \$3.46

earnings were \$635m or \$3.44 a share, up from \$352m or \$1.86 in the last quarter of

The strong performance, which marks the seventh successivo record quartor, brought earnings for the year to \$2.41hm or \$12.82 a share before extraordinary items, nearly double the \$1.24bn or

nearly double the \$1.24bm or \$5.50 of 1987.

Mr Frank Popoff, Dow's chief executive, said all of Dow's businesses, including its industrial and consumer operations, broke records.

The quarterly performance was all the more striking because Dow booked special pre-tax expenses of \$135m, including \$62m to improve pension benefits to former employees. This compares with special costs of just \$24m in the last quarter of 1987.

Dow's good results come as US oil companies with big

US oil companies with big chemicals operations and such bulk chemicals producers as Union Carbide are reporting

strong demand.
"The business environment remains strong as we enter 1989," Mr Popolf said. "Prices are firm and demand is healthy, with most products in tight supply. The outlook is bright, with solid global demand, relatively stable costs and employees committed to quality, safety and productiv-ity."

Petrofina rights

New Issue

Petrofina, Belgium's biggest industrial company, is to make a one-for-15 rights issue at BFr11,000 a share to finence further growth, writes Our Financial Staff. The group plans investments of BFr65bn this year.

Hugo Boss takes over US quality clothing group

men's fashion company whose clothes have covered actors' shoulders in such US television programmes as Miami Vice and LA Law, has moved deeper into the transatiantic market with the purchase of Joseph & Feiss, a long-established US

clothing concern.

The purchase of a majority stake is a big step for Boss, whose last reported turnover was DM523m in 1987. The US company has sales of \$160m. For 1988, Baring Securities in Frankfurt estimates a 13 per cent rise to DM590m (\$315m)

and a further 16 per cent advance to DM685m this year. Mr Gebhard Klingenstein, an

HUGO BOSS, the West German analyst with Baring, said: "It is men's fashion company whose a good and logical step for Boss. It was always their strat-egy to start their own produc-tion in the US as soon as they had reached a certain size there."

Boss said Joseph & Feiss, which employs 2,000 people, had established a successful position in the tough but growing US market for quality

clothing.

It gave no price for the acquisition, but said turnover of the US company should rise by 10 per cent this year and operating profits should also grow considerably. Controlled by the brothers Uwe and Jochen Hely Ross when

shares have been quoted in Germany for four years, has expanded rapidly in foreign

markets. In the first nine months of 1968, export sales leapt by 33 per cent to DM179m, while those in Germany stagnated at DM271m. Announcing these figures last October, Boss forecast a 10 per cent sale rise for the full treatment and rise for the full year and a similar trend in profits. In 1987, net

profits were 67 per cent higher at DM23m. Boss products, especially suits and jackets, have benefit-ted from the trend towards more formal clothing. The company set up a Brazilian

Reverse at Marsh & McLennan

By Karen Zagor

SLIGHT decline in fourth-quarter and annual net earnings is reported by Marsh & McLennan Companies, the world's biggest insurance bro-

ker. Net income for the quarter was \$50.6m or 71 cents a share compared with \$52.6m or 71 cents in the same period of 1987. Revenues rose to \$544.4m

Operating income for the quarter was \$87.6m, down from \$91.5m. Interest expenses increased to \$6.7m from \$3.2m. For the year, Marsh & McLennan turned in earnings of \$296.3m or \$4.09 a share on revenues of \$2.270m. This compares with \$302.1m or \$4.06 on revenues of \$2.15bn in 1967.

Operating income for 1988 fell to \$515.4m from \$550.2m. The large insurance broker's interest expense jumped to 23.1m from \$13.0m.
Continuing price competition in the primary property/
casualty market is seen by analysts as unfortunate for Marsh & McLennan, which as a broker receives commissions as a percentage of premiums placed. Furthermore, the bulk

of the discounting is in the large accounts area, where Marsh & McLennan does most of its business.

However, some analysts expect prices to strengthen by 1990 after a modest fall in 1969.

Texas Eastern

Houston-based gas pipeline operator, has rejected as inade-quate a \$2.6bn cash offer from Coastal Corporation, its crosstown rival, writes Our Finan-cial Staff. Coastal launched the bid earlier this month when it made a cash tender offer of \$42 per share for all of Texas East-

Scott Paper earnings surge

By Maggle Urry

SCOTT PAPER, the world's largest maker of sanitary tissue, achieved record earnings round paper, they increased in 1988 for the fifth consecutive year. Net income in the fourth quarter advanced to \$80.9m, from \$67.5m in the correspond-ing 1987 period, on sales which increased to \$1.29bn, from \$1.1bn last time. This boosted income for the

This boosted income for the year to \$400.9m, from \$283.8m the previous year, on sales which increased to \$4.7bn from \$4.12bn, with over \$10m coming from the group's European businesses for the first time.

Earnings per share last year rose 71.5 per cent to \$5.23 from \$2.05 and excluding \$1.22 for

\$3.05, and excluding \$1.22 of said some of these extra costs

31.5 per cent to a record \$4.01. 31.5 per cent to a record \$4.01. Earnings per share for the fourth quarter went ahead by 19.3 per cent to \$1.05. Mr Philip Lippincott, chairman and chief executive officer, said the European and Pacific subsidiaries had recorded strong performances in the personal care and cleaning sector.

cleaning sector.

In the US the fourth quarter had been hit by higher manufacturing costs, increases in promotion costs and production difficulties. Mr Lippincott

would be reduced and others offset during 1989.
Sales of personal care and cleaning products rose 15.1 per cent to \$3.5bn in 1988. Operating profits growth in the sector was slower at 9.1 per cent to Turnover of the SD Warren printing and publishing papers business rose 13.4 per cent to \$1.3bn in the year, with operating profits up 34.9 per cent to \$246.2m

Mr Lippincott said demand was strong and Warren had increased its share of the mar-ket. We are optimistic about

the short-term and long-term outlook for our business," PC groups define new standard

manufacturers said yesterday that personal computers based

that personal computers based upon a new 32-bit industry standard architecture will be available by the year end.
Compaq, Hewlett-Packard, Olivetti, Tandy, NEC and several other major personal computer makers said they have completed the definition of an alternative to IRW's promialternative to IBM's proprietary "microchannel" design.
The new Extended Industry Standard Architecture (EISA) will improve the performance of 32-bit personal computers by

enabling them to take full advantage of the capabilities of 32-bit microprocesors. EISA represents a big chal-lenge to IBM, which has previ-ously created *de facto* industry standards followed by most of its competitors.

By creating their own standard, the personal computer companies aim to sidestep IBM which introduced proprietary "bus" technology, called micro-channel, in its latest PS/2 computers. A computer "bus" is the part of a computer that controls the flow of data

between, for example, disk drives and internal memory.

Microchannel was widely seen as an attempt by IBM to prevent the "cloning" of the PS/2 machines that was widespread with IBM's earlier personal compresses. sonal computers.

IBM's competitors claim, however, that their alternative 32-bit bus standard enables personal computer users to preserve their investments in hardware, software and peripherals while taking full advantage of higher speed 32-bit microprocessors.

Banco Bilbao Vizcaya ahead 1.83 per cent from 1.68 per cent. The bank is to lift the dividend

By Our Financial Staff

BANCO Bilbao Vizcaya, Spain's largest bank in terms of assets, boosted 1988 consoli-dated pre-tax profit by 25 per cent on a pro-forma basis.

cent on a pro-forma basis, helped by a surge in traditional retail activity.

BBV, formed by the merger last year of Banco de Rilbao and Banco de Vizzaya, lifted pre-tax earnings to Ptal22.1bm (\$1.06bn) from a combined Pta97.85bn posted by the two banks a year earlier. Loans volume rose 16 per cent to about Pta8,000bn. Operating expenses increased 7 per cent. increased 7 per cent.

to Pta250 a share from Pta190.
BBV said equity stood at
Pta470bn at the end of 1988,
about Pta200bn more than the
year-earlier combined figure. Equity as a percentage of total assets was 6.5 per cent. The bank, whose shares began to trade on New York, London and Frankfurt stock

exchanges in December, said it has a price-earnings ratio of 10.6, one of the lowest on the Madrid stock exchange.
BBV accounts for about 20 Return on assets climbed to per cent of Spain's domestic

banking market and is the country's largest. But it will be Banco Espanol Central de Credit, the product of the planned merger between Banco Central and Banco Espanol de Credito (Banesto).

Separatoly Mr Mariano Rutio, Bank of Spain governor, said he was concerned about the dispute at Ranesta involving the rejection of the bank's 1988 results by eight board members. He did not propose any specific action but said the dispute would be closely watched.

Sunnmörsbanken rescue snag

By Karen Fossil in Oslo

A RESCUE plan for Sunnmörsbanken, the medisummorsoanken, the medi-um-sized Norwegian commer-cial bank, looked likely to founder last night amid news that its losses on loans and guarantoes would reach NKr571.1m for last year. The bank is to post total

losses of NKr796.4m (\$118.7m) for 1988 after write-offs and extraordinary costs. Operating profits will emerge at NKr49.6m, against NKr31.4m.
Sunnmörsbanken was saved

from insolvency when Nor-way's central bank and the Guarantee Fund of the com-

mercial banks intervened last September as lenders of last

The rescue plan, announced just two weeks ago, called for Sparebanken More, a large savings bank, to purchase the troubled commercial bank. Sparebanken offered to raise NKr200m to buy the bank by the issue of primary capital certificates, a relatively new financial instrument similar to preferential shares.

The plan also called for the savings bank to supply another NKr50m to Sunnmörsbanken. and make it a fully-owned unit.

Failure of the plan would represent the third unsuccess-ful rescue bid. It is now being suggested that a temporary solution be implemented which would call for the guarantee fund to supply botween NKr800m and NKr800m to keep Sunnmörsbanken afloat until a

Separately, Norway's opposi-tion Conservative party yester-day proposed that Statoll, the troubled state oil company, be reorganised into a semi-private oil company whereby 49 per cent be offered for public sub-

January 30, 1989

Du Pont develops 'interim' CFC gases

rebuffs Coastal

ern's common shares. Texas Eastern's board was told by financial advisers at a special board meeting that they should wait for a better offer. DU PONT, the biggest US national treaty.

interim replacements for the industrial gases suspected of damaging the ozone layer.

Du Pont is the world's higgest producer of these chlorofluorocarbon (CFC) gases, sales of which total \$1.8bn a year.

Use of CFCs, which are thought by scientists to create holes in the ozone layer that protects the earth from damaging solar radiation, is to be substantially reduced by the end of the 1990s under an inter-

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chemicals company, yesterday

amounced a series of materials based on existing sub
in production by next year, are stances that could provide not as "ozone-friendly" as some interim replacements for the of the new CFC substitutes on which chemicals companies are working for the mid to late

The replacements, however can be used as direct substi-tutes for existing CFCs in current generations of air-condi-tioning and refrigeration systems — one of the biggest applications areas for the

Many of the CFC-substitutes on which companies are work-

ing for the longer term are not compatible with existing equip-ment of this kind which would have to be scrapped before the new substances could be used. The Du Pont gases announced yesterday are based on mixtures of existing compounds called HCFC-22,HFC-152a and HCFC-124. Du Pont

said the mixtures, on which it has applied for patents in sev-eral countries, have an ozone depletion potential which is only 3 per cent that of CFC-12. one of the members of the CFC family which is most widely used in refrigeration and air conditioning equipment.

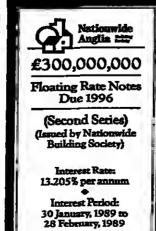
Share buy-back bv Fairchild

PAIRCHILD Industries, the US aerospace and industrial company, is to buy back all Fairchild securities owned by Soros, the company's largest stockholder group, for about \$75m in cash, writes Our Financial Staff.

Earlier this mouth Fairchild turned down as inadequate an unsolicited \$15.50 a share offer from investment group Carlyle Investors VI Analysts said the blemed by the by the property of should be a share of the property of planned buyback of about 1.6m shares from Soros would make

a takeover more difficult.

The aerospace company agreed to pay about \$26m for the group's common stock and about \$49m for its investment units, which are not publicly traded.



Interest Amount per £5,000 Note due 28 Pebruary, 1989: £52.46 Interest Amount per £50,000 Note due 28 February, 1989: £524.58

Amro Bank Amsterdam-Rotterdam Bank N.V.

Amsterdam, The Netherlands

DM 250,000,000 **Subordinated Floating Rate Notes with Interest Option** of 1989/1999

This announcement appears as a matter of record only

Issue Price:

Interest Rate:

Six-month-Libor +1/16% p.a., payable semi-annually in arrears in January and July

Repayment:

Interest Option:

Listing:

The holder of a Floating Rate Note shall be entitled to select a fixed rate of interest at the

interest payment dates from January 1990 until January 1994 inclusive against payment of a premium increasing from 0.5% to 2%. The Fixed Rate Bonds bear interest at a rate of 61/s% p.a. and shall be repaid on January 29, 1999, at par.

Trinkaus & Burkhardt

Düsseldorf and Frankfurt am Main (Floating Rate Notes and Fixed Rate Bonds)

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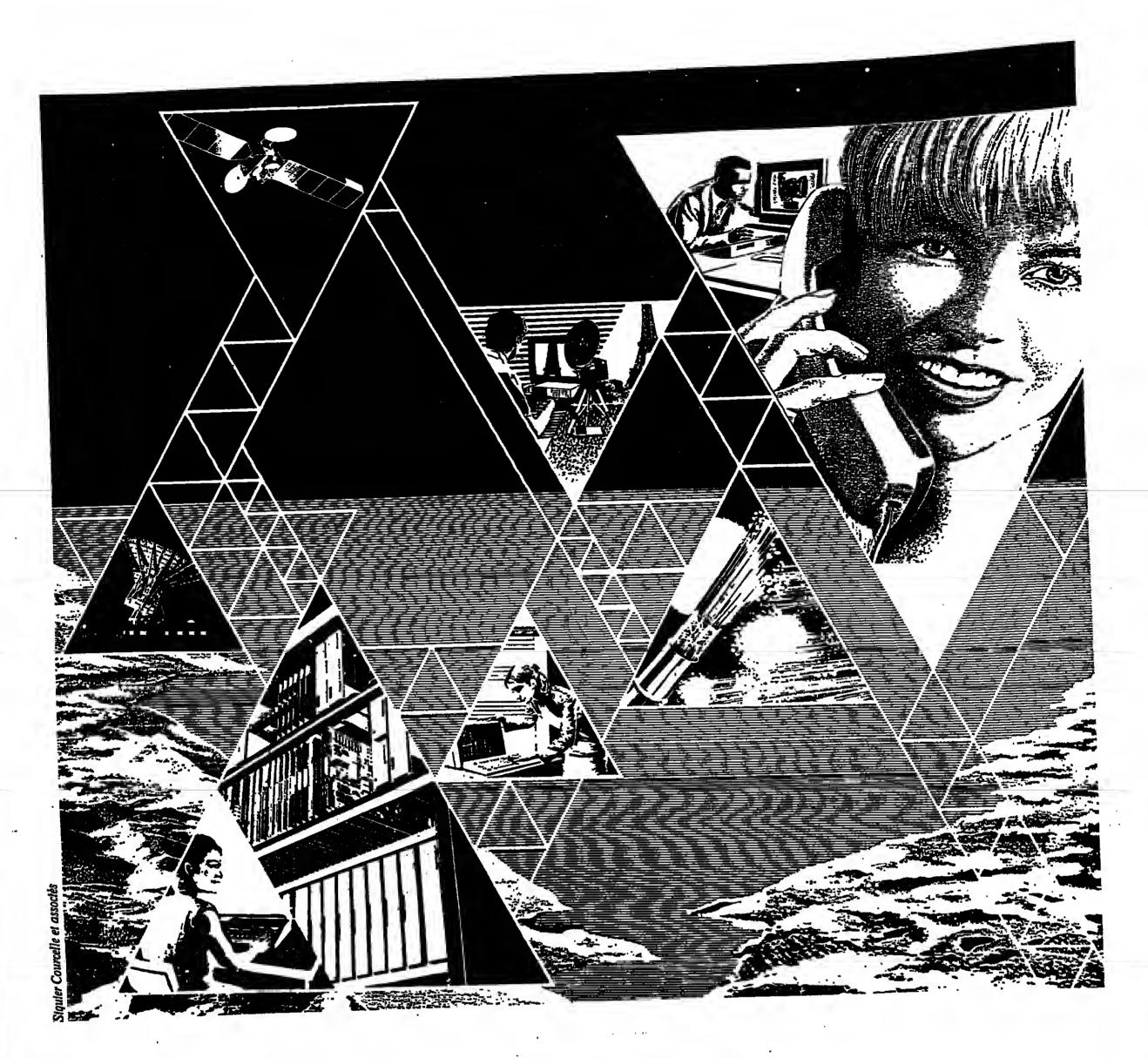
(S.A.K.)

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INTERNATIONAL COMPANIES AND FINANCE

HK group buys Singer producer

A TO TANUARY NA

name is to pass into the hands of Hong Kong businessmen who want in use it to build a worldwide consumer durables distribution network. This will take place under a US\$220m deal whereby SSMC of the US is to be taken over by Semi-Tech Microelectronics (Far East), a Hong Kong-based computer and trading company.

SSMC was spun off from Singer of Stamford, Connecti-cut, in 1986 to produce sewing machines and to manufacture and distribute consumer dura-bles such as stoves, irons and television sets. It is 26 per cent owned by Mr Paul Bilzerisn, the Florida businessman who acquired Singer a year

The Hong Kong buyer is 51 per cent owned by International Semi-Tech Microelectural Semi-Tech and is tronics of Toronto and is backed financially by Mr Stanley Ho, the Macao casino and hydrofoil ferry entrepreneur,

THE SINGER sewing machine shareholder and chief execu-name is to pass into the hands tive of both the Semi-Tech companies, claimed last night that this was the "largest take-over by Hong Kong of any US public company." He said he wanted the Singer company because of its "big name in distribution and its financial and hire purchase experience to enable us to become leaders in international consumer durable distribution.

Singer did not invent the sewing machine, he invented installed payments," he said. "Instalment payment plans would bring e lot of order into China's economic life," he added, referring to a deal SSMC has recently negotiated in the southern Chinese city of Canton to set up a sewing machine joint venture.

Semi-Tech (Far East) was founded in 1982 and went public in 1987. It had a turnover last year of HK\$169.7m (US\$21.8m) A company statement said the takeover of SSMC, which had distribution

and revenues of more than US\$1bn, would boost the Semi-Tech group's revenues to above US\$1.5bn.

Semi-Tech's products include the STM range of computers and equipment. It also sells technology to companies in developing countries including China, where it has production arrangements in the southern Guangdong province's process-ing zone of Shenzhen near Canton. Distribution through Hong Kong of Chinese-made goods will be a target for the merged

company. Semi-Tech (Far East) is paying \$170m cash plus \$50m in preferred stock. The company said this amounted to \$23 cash and \$7 of stock per share. David Owen adds from Toronto: Semi-Tech has surprised analysts by transforming itself from a small electron ics company into a leading computer services organisation in less than e year.

The Singer deal marks its fourth acquisition since last the Datacrown division of Crowntek, the US East Coast operations of Consumers Disributing, and finally Canada Systems Group, the country's largest supplier of computer

As a result, the company's nine months' revenues, announced earlier this month, rose more than 18 times from a year earlier to C\$220m (US\$185.3m). Our Financial Staff writes: The

Singer rights for most of Europe are held separately by European Home Products, a company formed in 1985 and

floated on the London market the following year.

Since his takeover of the US Singer, Mr Bilzerian has raised at least \$1.75n by selling its peripheral businesses to concentrate on its core electronics and defence operations. Last month Mr Bilzerian was indicted on 12 counts alleging securities and other fraud in connection with earlier share purchases. He denies the

Bond stays firm on offer price

BOND CORPORATION of Australia said yesterday it had no intention of increasing its offer to buy out minority shareholders in Bond Corporation Inter-national (BCI), its Hong Kong subsidiary, and reiterated its rejection of a HK\$3.6bn (US\$462m) rival bid by the

local HKR Properties.
Mr Peter Lucas, BCTs managing director, said the company also had no plans to pull out of Hong Kong nor any "present intention" to sell its 50 per cent stake in the Bond Centre, a prestige Hong Kong office development.

We are not a seller," said Mr Lucas when he adjourned until the end of next week an extraordinary general meeting of BCI called to approve an offer by Bond Corporation to buy ont the 23.8 per cent minority shareholding for

The pricing of the offer has the pricing of the offer has been widely criticised in Hong Kong HKR Properties, a property developer and BCI minority shareholder tried in draw ettention to the controversy with its own HK\$3 a share bid at the weekend. This was not regarded by stock market analysts as a serious takeover attempt. But there was some speculation that Bond's own

offer might be turned down by shareholders. Shareholders have approved a plan for Sun Hung Kai Properties, one of Hong Kong's largest property companies, to buy out the 43 per cent minor-ity publicly held shares in New Town Securities for HK\$6.30 a

The announcement, made last night, indicates that the Bond controversy has not harmed other Hong Kong buy-outs where majority owners are taking advantage of share prices well below net asset value to gain complete control of their companies.

 Asia Securities Interna-tional, the Hong Kong invest-ment and property company controlled by Mr Bill Wylle, the Australian businessman, is buying e 76.8 per cent stake in Hong Kong-listed Singapore Hong Kong Properties Invest-ment for HK\$2.40 a share or HK\$111m.

The company's main asset is the 25-storey Lockhart Centre in the Wanchai area of Hong Kong where a record auction price of HK\$3.35bn was paid last week for a prestige plot of government land.

 Haw Par Brothers International of Singapore said vesterday it had agreed to sell its 22-storey Nathan Tower in Hong Kong for HK\$135m, Reu-

Jardine sets up Asia-Pacific services unit

JARDINE MATHESON Holdings, one of Hong Kong's main trading houses, yesterday amounced the creation of Jar-dine Pacific in bring together under one management struc-ture its trading and services operations in the Asia-Pacific region, writes John Elliott in

Hong Kong.
The company said Jardine
Pacific would have annual sales of HK\$10bn (US\$1.3bn), excluding associates. It would bring ingether the publicly-quoted Zung Fu, plus shipping and aviation services, security, property management, engineering and construction and financial services.

In the group's new manage-

ment structure, Jardine Pacific stands alongside Jardine Flem-ing and Jardine Insurance Brokers directly under Jardine

Telco considers expanding into aerospace

By David Housego in New Delhi

TATA Engineering and Locomotive Company (Telco), India's largest vehicle manufacturing company and a lead-ing member of the Tata group, is to explore the possibility of diversifying into eerospace, armanents and electronics.

Mr Ratan Tata, the new chairman of Telco, said: We are looking at other options outside the entomobile indus-try. He added that: "New policies and new looks will e only after March" with the

completion of the current

financial year. Mr Tata, aged 51, is widely seen as the future head of the Tata empire. He took over the chairmanship of Telco in December, succeeding Mr S. Mooigaokar, who built if up as one of India's most prestigious engineering groups during more than 30 years at its head. The possible diversification is part of a wide-ranging is part of a wide-ranging w of Telco's strategy initiated under Mr Moolgaokar.

which has also been shifting

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its focus from trucks and buses to pick-up vans and cars, and from being a domestic producer to a manufacturer with a

new estate car last year —
India's first domestically designed and developed automobile — aimed at the luxury end of the Indian market. Its light pick-up van, the Tatamobile, has, in three years, captured market for light commercial

As a potential supplier to the As a potential supplier to the worldwide vehicle industry. Telco is negotiating with Daimler-Benz — which has an 11 per cent stake in the company — to become a production platform for Daimler's "world concept" medium-sized truck. It is also on the point of concluding an agreement under which the en agreement under which the Tatamobile will be assembled

in Egypt and sold under a Gen-eral Motors name. Mr Tata said that over the last two or three years deci-

sions over manufacturing facil-ities, automation and producwith a view to improving inter-national competitiveness. How-ever, a study commissioned last year from Arthur D. Little, the US consultancy, is said to have shown that Telco's costs for producing the pick up van more global outlook. Telco, thus brought out a

were above the expected entry price in the US market. Mr Tata said that Telco ing its investment over the next two or three years. Outlays would rise from an average of Rs1bn (\$66m) a year, taking into account savings made on in-house capital equipment manufacture, to Rs1.5bn, with the funds coming partly from the capital mar-kets.

In contrast to Telco's reputa-tion for slow profit growth, he said the company "has to gen-erate a higher level of profit though we may choose to plough that back." He left little doubt that his

proposals for Telco diversifying into new products rested on establishing closer links with other companies in the Tata group, the largest in India. Within the group, he said, "we have to stop this duplication of effort and create more syn-

ergy."
He also gave the first indication that the Tata group, which has largely stood aside in the takeover manoeuvres that rate sector, could be more active. "Acquisitions ought to be a route to growth, though not unfriendly acquisitions,"

He conceded that he was nervous that Tata companies could themselves be prey to takeover bids. "I feel concerned that this could happen," Mr Tata said, adding that the group was taking steps to increase its shareholding in companies thought vulnerable. Telco had a turnover of Rs14bn in 1987-88, with profits after tax of Rs260m.

Sanyo Electric pushes up profits by 81.9%

SANYO ELECTRIC, the Japanese consumer electrical products company, boosted pre-tax profits 81.9 per cent to Y29.22bn (\$226.2m) in the year

to November, writes our Financial Staff. Sales were 8.6 per cent again higher at Y967.5bn. A setback year.

in its well-known andio products, where turnover fell 24.4
per cent to Y78.4bn, was offset
by growth in other sectors ranging from vending machines to semiconductors. Net earnings were Y17.04bn against Y14.13bn the previous

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE LANUARY 1997

CITICORP BANKING CORPORATION

U.S.\$50,000,000 Floating Rate Notes due July 29, 1991

Notice is hereby given that the Rate of Interest for the period January 31, 1989 to April 28, 1989 has been fixed at 9.7625% and that the interest payable on the relevant Interest Payment Date, April 28, 1989 against Coupan No. 11 in respect of US\$10,000 nominal of the Notes will be US\$235.93.

Jonuary 31, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

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January 31, 1989, London By: Cribank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

CITICORP® U.S. \$500,000,000 Subordinated Floating Rate Notes

Due October 25, 2005 Notice is hereby given that the Rate of interest has been fixed at 9.35% and that the interest payable on the relevant Interest Payment Date February 28, 1989 against Coupan No. 40 in respect of US\$10,000 nominal of the Notes will be US\$72.72.

January 31, 1989, London By: Chibank, N.A. (CSSI Dept.), Agent Bank

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Subordinated Floating Rate Notes Due November 27, 2035 Notice is hereby given that the Rote of Interest has been fixed at 9.35% in respect of the Original Notes and 9.4375% in respect of the Original Notes and 9.4375% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date February 28, 1989 against Coupon No. 39 in respect of US\$10,000 nominal of the Notes will be US\$72.72in respect of the Original Notes and US\$73.40in respect of the Enhancement Notes. January 31, 1989, London By: Citbonk, N.A. (CSSI Dept.), Agent Bank CITIBANCO

US\$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1996 CITICORP BANKING

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January 31, 1989, London By: Cribank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

NOTICE OF ADJUSTMENT OF CONVERSION PRICE TNT PACIFIC FINANCE LIMITED
A\$175,000,000 9% GUARANTEED SUBORDINATED

CONVERTIBLE BONDS DUE 1998 Notice is hereby given to the holders of the above Bonds, that following the bonus issue of TNT Limited shares announced on 11th November 1988, the price at which bonds will be convertible into ordinary shares of A\$0.50 per value of TNT Limited was adjusted on 28th November 1988, from A\$5.00 per share to A\$4.16 per share.

CITIBANCO

U.S. \$500,000,000 CITICORPO

Subordinated Floating Rate Notes Due January 30, 1998 Notice is hereby given that the Rate of interest has been fixed at 9.325% and that the interest payable on the relevant Interest Payment Date February 28, 1989 against Coupon No. 37 in respect of US\$10,000 nominal of the Notes will be US\$72.53. January 31, 1989, London By: Chibank, N.A. (CSSI Dept.), Agent Bank CTTBANCO

Lyondell Petrochemical Company

All of these securities having been sold, this advertisement appears as a matter of record only.

43,000,000 Shares

Common Stock (per value \$1.00 per share)

8,600,000 Shares

Goldman Sachs International Limited

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34,400,000 Shares This portion of the offering was offered in the United States by the undersigned.

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Amro Bank

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Southwest Securities, Inc.

DM 250,000,000 Subordinated Ploating Rate Notes with Interest Option

Interest Rate: 61/16% p.a. Jan. 30th,

1989, to July 31th, 1989 Period.

DM 306A9 DM 10,000 DM 100,000 DM 3,064.93

Payable on: July 31th, 1989 Trinksus & Burkhardt KGeA Agent Bank



VereinWest Overseas Finance (Jersey) Limited

NOTICE OF DEEDS OF VARIATION relating to
US \$100,000,000 Floating Rate Notes Due 1991
A\$50,000,000 141/2% Notes Due 1991

VEREINWEST OVERSEAS FINANCE (JERSEY) LIMITED secured by respective deposits with VEREINS-UND WESTBANK AKTIENGESELLSCHAFT

Notice is hereby given to the holders of the above Notes that the daposits securing the Issues of the above Notes have been transferred to respective accounts in the name of VareinWest Overseas Finance (Jersey) Limited (tha "Company") at the office of Vareins-und Westbank Aktiengesellschaft (the "Bank") in Miami, Florida, United States of America and cartain consequential afterations to the respective terms and conditions andorsed on the above Notes, the trust deeds deted 23rd July, 1986 end 7th May, 1987 respectively by which the above Notes were constituted, the deposit agreements of the same respective dates each evidencing tha daposit by which the respective issue of the above Notes is secured and the assignments of the same respective dates by which such respective deposits were assigned by the Company to The Law Debenture Trust Corporation p.i.c. (the "Trustee") were made pursuant to two deeds of variation each dated 21st October, 1988 and mada between the Company, the Bank and the

The velidity of the respective assignments referred to above including the purpose of the security will not be affected thereby.

This Notice is given by VereinWest Overseas Finance (Jersey) Limited pursuant to Clause 20 of each of the above-mentioned trust deeds.

31st January, 1989

St. Helier, Jersey.

FT GUIDE TO WORLD CURRENCIES

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> Special Drawing Rights January 27 1989: United Klogdom £ 0.744597 United States \$ 1.31667 Germany West 0 Mark 2.43821 Japan Yen 169.455 program Correcty Unit Retus January 30 1989: United Ringdom £ 0.636066 United States \$ 1.11725 Germany West 0 Mark 2.48825 Japan Yen 145.153 Abbreviations: (a) Free rate; (b) Basimote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (p) Financial rate; (f) Exports; (f) Non commercial rate; (f) Bosiness rate; (k) Boying rate; (f) Lixuary goods; (m) Market rate; (o) Official rate; (d) operferminal rate; (d) convertible rate; (f) parallel rate; (s) Selling rate; (t) Tourist rate; (s) Some data supplied by Bank of America, Economics Department, London Trading Centre, Enquiries: (1) 634 4360/5.
>
> Monday, January 30, 1969, Brazilian Cruzado devalued on 16/1/89, 1000 0H Cruzados equiv., to 1 New Cruzado. Nicaraguan Cordoba devalued on 25/1/89.



INTERNATIONAL CAPITAL MARKETS

Sydney Futures trebles size of trading floor

SYDNEY Futures Exchange, which again reported record volumes in 1988, moved yesterday to one of the world's most technologically advanced trading floors with the aim of consolidating its position as the Asia-Pacific region's leading futures and options exchange.

futures and options exchange.

The new floor will triple the space of the exchange's present facility, where the volume of trading rose 40.2 per cent in 1988 to 7.53m contracts, despite a plunge of 54 per cent in the local stock market index futures contract to 285,000.

The new premises stand behind the preserved English classical facade of an 1890 building in the city's central business district. Renovation, fitting out, telephone commu-nications and computer equipment have cost more than A\$17m (US\$15) since the exchange decided to move in

 Modular trading pits which, like Lego blocks, can be expanded, contracted and relocated and rel cated according to market

conditions.

Sophisticated acoustics to control noise levels in and around the pits, plus adjustable air conditioning to suit the tempo of traders' activity in each pit.

Elevated members' booths with direct sight of pit trading and up to 480 telephone lines each. The exchange itself will have up to 10,000 lines.

A suspended catwalk above the floor from which price reporters and trade entry staff have direct sight of the pits

have direct sight of the pits and can be in mobile radio contact. Suspended price monitor-ing screens give all available and relevant information.

1986. Among the floor's featively quiet as Australia's stock markets were closed for the Australia Day holiday weekend. But hectic trading is expected today following the release of the latest inflation

Last year the sharpest increases were in options of 90-day bank bill futures, which saw a three-fold increase to saw a three-fold increase to 192,000 contracts, and in options on 10-year Australian bond futures, which doubled to 722,000. The new three-year bond futures contract, introduced last May, showed a volume of 500,000 contracts.

Based on 1987 volumes, the

Based on 1987 volumes, the Based on 1987 volumes, the Sydney exchange is reckoned to be the world's ninth largest and the fourth biggest outside the US. Established in 1960, it trades 10 futures contracts plus contracts plus among options on the five among these which are domestic financial contracts.

Portugal plans gains tax on non-resident investors

By Diana Smith in Lisbon

The move by the Finance Ministry has been greeted with gloom by specialists who have been struggling to persuade foreign investors that Portugal's capital markets are attractive.

It is seen as badly-timed dis-crimination hitting bigger cus-tomers, mostly major international institutional investors, at a time when the bourse faces a flow of privatisation

The tax could also reduce the scope for credit hungry

PORTUGAL PLANS to levy a 10 per cent capital gains tax on stock market transactions by Portuguese companies, squeezed by the anthorities' punitive credit ceilings for the private sector, to tap the capi-

Bankers point out that next door Spain does not tax non-resident foreign investors and has relatively dynamic capital

dozes.

The move to tax foreign securities trading is part of an official package soon due to

tal market.

In contrast, Portugal's rigid-ly-regulated stock market

become law, giving capital market tax incentives to Portuguese-based companies or indi-

Swiss banks lose share of equity trade

By John Wicks in Zurich

SWITZERLAND'S big three commercial banks have seen their share of the equity market diminish in the past year, according to BZ Bank Zurich.

The banks have lost ground in trading Swiss shares. although they continue to dom-inate the market. BZ Bank esti-mates Union Bank of Switzerland to have 17 per cent of Swiss equity trading with Swiss Bank Corporation and Credit Suisse close behind with

15 per cent apiece. BZ Bank itself and Bank Vontobel are said to have an 8 per cent market share each, ahead of Bank Julius Baer

FT INTERNATIONAL BOND SERVICE

-	Listed are the latest international bonds for which there is a	n adequate secondary market. Closing prices on January 30
-	US DOLLAR STRAIGHTS huned Bid Offer day york Yield	Change on
	Abbey Maximad 7½ 92	Belgium 5½ 92. 55 101½ 102½ 0 40½ 4 79 Belgium 4½ 94. 45 96¼ 96½ 0 40½ 4,97 Caneda 4½ 92. 80 96½ 96½ 0 40½ 4.77
1	Brit, 7el. Fin. 9% 98	Elec. De France 51, 94
:11	CCCF9495	Rep. of Haly 51, 92
	C.N.C.A. 91, 93	Swiden 4½ 93
	Credit National 73 92	Change on
_	Dal-Ichi Kan 9½ 92	OTHER STRAIGHTS Franch Bid Offer day week Yield
-	EEC 7493 250 92 924 -04 -04 9.54	Alg. Bk. Ned. 5½ 92 FL
1	E.I.B. 75 93	Aust led Day 127 93AS 100 94 9412 0 +01a 14.66
1	Elec.De France 9 96	Asstria 71: 94 ECU
i	Fien, Exp. (cd. 8½ 92	British Airways 10 98 £
	E.I. 8, 9½ 97	Coon.Ctr Rabo.64 93 FL 100 99 9912 0 0 6.47
1	Gen Mar. Corp. 91: 72	Denmark 7% 92 ECU
1	Gen. Mrs. Corp. 94; 72	Pout Rk Aret 124 95 AS 70 974 984 0 013 24
	LT.C.B.of Japan 6 97 200 901s 91 0+01s 9.72	Eastman Kodak 13 90 AS
	Morgan Guaranty 781, 790	Fed. Bus. Dv. Bk. 91g 92 CS 75 1971g 971g 0 +01g 10.68 Ford Cr. Can. 101g 93 CS 100 1991g 1001g 0 0 10 74
-	Norway 81, 93	Ford Mtr. Cred. 73, 91ECU
١		G.M.A.C. 94 93 CS
١	Sate 8/ 5 April 91 93 100 981 981 0 101 9 71	inv industry int. 10 93 £
1	Surficione Bank 9% 92	Lloyds Bank 11'4 98 5 100 100'4 100's -0's +0'4 11 28
- {	Sweden 7 92 40's 9.61 9.61 9.61 9.63 96's 96's 96's 96's 96's 96's 96's 96's	
1	Victorian Rep 11% 92	Med. Midd. Bank 6 92 FL 150 99 991 0 -01 6 30
1	Smeden 7 92. 250 931s 941s -01s -01s 9.61	Phillips Gledii 6 93 Fi 300 COL 300 O +01 7.81
1		Royal Bk Scot. 101, 98 £
١	DENTSCHE MARK STRANGHTS Issued Bid Offer day week Yield	3ESCHERENI III 4 4
-	Asian Dev. BK. 6-94 200 991; 1001; -01; -11; 6.05 Aris Fin. SVS 75; 92 100 100 100 100 0 5.78 Bank of Tokro 54-93 100 100 1001 -01; -01; -05	Sth.Aus.Gvt.Fin. 0 94 AS 100 +52 52 ½ +0¼ +0¼ 14.07 Union Bk. Switz. 7 ½ 93 150 +99¼ 99¼ 0 -0¼ 7.63
١	Conservations of 5.54, 93	World Bank 54, 92 FL
ı	Asiar Dev. Cit. 6-94	FLOATING RATE
-	E.I. 8. 64 96	HOTTES Spread Bid Differ C.dtr C.com 99.73 99.85 21/01 10.99 Beignam 91 US
١	E.I. B. 67, 95	Otase Machattan Crp. 91 US. 014 99.95 100.051 20/04 13 Chase Machattan Crp. 91 US. 014 99.95 199.78 22/02 8.94 Citiopry 96 US. 014 98.23 98.48 28/02 9.62
١	Elec De France 5 1/97	Credit Fonder 98 Us
-	LA.O. 6. 697	Halifax BS 94 £
1	ireland 6 ¹ 2 97	Creat Fonciar 98 US
١	Euro Coalé Steel 52 97 175 961; 977; -01; -03; 6.36 Euroffina 64; 96 100 991; 1001; 0 +04; 6.24 Euro Enaide Steel 52 97 300 977; 973; -01; -04; 6.13 Fortmark Krts. 51; 93 200 971; 973; -01; -04; 6.13 Fortmark Krts. 51; 95 300 977; 981; -04; -04; 5.83 Japam Dev. 8k. 51; 95 300 972; 981; -04; -04; -02; 5.78 Japam Finance 51; 97 300 100 1001; -01; -0 6.45 Mailysta 64; 94 300 1000; -01; -0 6.45 Mailysta 64; 94 300 962; 971; -01; -01; -03; -6.45 M.H. West OK. PLE 698 300 962; 971; -01; -03; -6.45 M.H. Finance 64; 95 300 962; 971; -01; -03; -6.45 M.H. Finance 51; 93 300 Portugal 52; 95 300 Portugal 53; 95 150 991; 1004; -01; -5.79 Portugal 63; 95 150 1001; 101; -01; -5.86 Evertal States 51; 93 150 1001; 101; -01; -01; -5.79 Friestizasien 51; 93 150 1001; 101; -01; -01; -5.93 Soc Cent Nuclear 71; 95 150 104; 105; -04; -04; -5.53 West B. Finance 593 200 1973; 981; -01; -01; -5.53 World BK. 64; 97 300 972; -01; -01; -01; -01; -01; -01; -01; -01	Milk Mit. Brd. 593
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١	SWIESS FRAMC STRANGHTS STRANGHTS SITUATION STRANGHTS STR	Convergence Conver
ł	B.F.C.E. 4½ 98. 200 195½ 96½ 10½ 5.04 B.M.W.Fin.Neth. 5 13. 150 193½ 94 10½ 10½ 5.04	Minotta Currer 24, 940M
١	CIR. Int. W/W 393	Missil treg 24 01 US 10/86 1903 1655 1463 -32 4 4 32 Meet PLC 54 03 US 11/87 4 3
ł	E.I. 644, 98. 150 1931; 941; -17; -11; 5.45	See Rose Rose 24 03 US 4/88 804 135 137 -11 1074 Corner Table 24 02 US 4/87 1310 208 208 208 401 -072
٠	Robe City 41, 98	Resignor 74, 02 6 100 100 100 105 104 215 104 264 Sample Scott 54, 03 6 110 100 100 100 100 100 100 100 100 1
١	Maxwell Comm. Crp. 5 93 150 198 9812 0 -012 5 32 Nat. Bk. Hangary 512 94 75 19612 97 -013 -014 137	Tens lest 21 02 lis 967 441 1001 10112 30 63 W.R. George L. (2115 980 42.12 807 84) 0 20 62
Į	Nationwide Ang. B/S. 4 93 200 19412 95 0 -014 5.37 Napos Telg. 8.7el. 414, 95 200 196 9514 -012 -013 5.37 Restars kt.lik 5 03	* No information available-previous day's price
	STEARSHTS Street	† Only one market maker supplied a price Straight Brook: The west to be added
ı	World Sank 503	Straight Bonds: The yield is the yield to redemption of the said-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week. Change over price a week earlier.
ł	•	coted Course of the Desominated in dollars unless of the total
١		cated, Coupon shown is mislamm, Cetter to the next coupon becomes effective. Spread – Margin above six-month effect rate (three-month; gabove mean rate) for US dollars, C.con – The correct coupon.
١		Convertible Boods: Denominated in dollars select an interest
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١	The Financial Times Ltd. 1600	age premium of the currencifective price of acquiring theres which bond over the most recent price of acquiring theres via the
1	Osta supplied by DAZAS	bond over the most recent price of the shares. In part in any form not permitted without written coment.

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INTERNATIONAL CAPITAL MARKETS

Treasuries hit by early session profit-taking

By Janet Bush in New York and Katharine Cambell in London last week's rally and partly in response to stronger than expected economic data.

Swiss bank

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MD SERVICE

The state of the s

At midsession, bond prices at the long end of the yield curve stood as much as i point lower, pushing the yield on the Treasury's benchmark long bond up to 8.80 per cent. December figures for per-sonal income and consumption

were released yesterday with both showing a 0.9 per cent rise. The income figure was higher than expected, partly due to farm subsidy payments. The dollar started the week The dollar started the week quietly, dropping somewhat from its weekend level despite the fact that there appeared to be no concerted central bank intervention. At the New York indeession, the dollar was quoted at Y129.70 compared with an earlier high of Y130.05 and at DM1.8625 from DM1.8702

The bond market is likely to be much more cautious this week after the rally last week with some key economic releases coming up as well as the meeting of the Group of Seven in Washington at the Leading indicators for December are due to be released tomorrow which also sees the amnouncement of auc-

tion plans in the February quarterly refunding. On Friday, January jobs and unemployment data will be released as well as December factory

The question of dollar stabil-

US TREASURY bonds ity is likely to be a key compo-yesterday moved lower, partly reflecting profit-taking after week's G7 meeting, which starts on Thursday evening. The US currency is supported by a number of factors.

US growth remains robust, there is still no prospect of the US Federal Reserve allowing

GOVERNMENT BONDS

interest rates to fall and they may rise further and some formay rise turner and some or-eign money has been coming into the US equity market which has created additional demand for dollars and helped to support bonds.

FRENCH government bond prices took something of a tumble yesterday, as fears of further tightening by the

Bundesbank set in.

In the past few days, the market has had one eye fixed on the general firmness exhibited by US Treasuries, while casting a balancing sidelong glance at gloomier events in Germany. Yesterday the influence of the latter prevailed, so that the 10-year notional bond March future fell 48 basis points to and at 107.46.

March future fell 46 basis points to end at 107.46.

The February auction due on Thursday will add between FFr9bn-11bn of new stock to a rather jumpy market. The auction will consist of a further tranche of the 8.125 per cent treasury tap introduced in January. There will be a variable nary. There will be a variable rate issue due 1998, and a new

BENCHMARK GOVERNMENT BONDS

	Coupon	Desta	Price	Change	Yield	200	200
UK GILTS	9.750 9.750 9.000	9/92 1/96 10/05	109-12 90-20 90-22	-8/32 -10/32 -14/32	10.33 9.81 9.03	10.34 9.66 9.65	10.78 10.21 9.27
US TREASURY	8.875 9.000	11/98	99-08 102-00	-8/32 -14/32	8.99 8.81	9.00	2.15 9.80
JAPAN No 111 No 2	4.600 5.700	5/98 3/07	98.4826 109.0450	-0.255 -0.001	4.84	4.84	4.75 4.76
GERMANY	6.375	11/96	97,6250	-0.375	6.74	5.69	6.59
FRANCE BYAN	.5.000 9.500	1/94 5/98	97.0882 105.1700	-0.343 -0.580	274 8.65	8.56 8.66	8.56 8.63
CANADA "	10.250	12/98	101.2600	-0.500	10.04	10.02	10.15
NETHERLANDS	6,7500	10/98	99.9750	-0.150	6.83	6.77	6.61
AUSTRALIA	12.000	7/99	95.2979	+0.355	12.81	12,97	12.89

Technical Dain/ATLAS Price Sources

THE GERMAN market was also weak. Dollar strength stoked fears of higher interest rates and kept investors away

rates and kept investors away from the market.

At the morning fixing bond prices were up to 40 pfennigs weaker, pushing yields up to 4 or 5 basis points. The most recent bund, the 6½ per cent "Silvester" due 1999; was fixed at 98.75, 20 pfennigs below Friday, to yield 6.67 per cent.

A new bund was announced bearing a coupon higher than the market had guessed. The DM 4bn, 10-year issue bears a 6½ per cent coupon, is priced at 100.50 to yield 6.68 per cent.

It will be seld officially between February 1 and 3.

AUSTRALIAN government bond futures moved firmly ahead yesterday, in anticipation of today's consumer price index for the last quarter of 1988. Trading was thin because

most of the country, apart from Sydney, was celebrating Australia Day.

The March 10-year future closed 6 basis points ahead at 87.14 and firmed another point or two with a sizable trade in

Optimism had been generated by prospects of reasonably good news on the inflation front generated, the market argued, by a firm currency and high interest rates.

IN THE UK, gilt-edged securi-ties failed to match the excitement in the domestic equity market, and trading was said

Some Japanese selling, together with the suspicion that last week's rally might have been a trifle overdone, kept the market drifting off. Foreign selling was attributed as much as anything to the perception that the currency is at the top of its range, given rumblings of international interest rate rises.

The benchmark 11% per cent Treasury stock was quoted at 117% in late trading, down almost half a point on the day.

Mitsubishi Bank buys Chicago clearer

By Deborah Hargreaves in Chicago

IN THE latest move by a Japanese company to build a presence in Chleago's futures markets, Mitsuhishi Bank has acquired Sectrend, a futures clearing firm at the Chicago Mercantile Exchange.

The move comes as Japanese investors, are being persist.

The move comes as Japanese investors are being persistently wooed by Chicago's lunge futures exchanges with an array of products tailored to their interests. All of Japan's leading brokerage houses have moved into the markets in the past year.

In its acquisitise of Sectrend – to be renamed Mitsubishi Futures – the Japanese bank will add established expertise to its small Chicago futures operation. Sectrend is run by Mr M. Scott Gordon, a member of the CME board of governors, and the firm's clearing member status will allow Mitsubishi to process its own trades rather then direct them to another clearing firm.

to another clearing firm.

Nomura Securities is hoping to find a similar entry into the futures markets and is talking to several possible acquisition targets. However, the firm banks of talking to several possible acquisition targets. broke off talks with GNP Com-modities last year.

The FBI fraud investigation currently under way in Chicago's markets does not appear to deter Japan's long-term posh into the city's exchanges. Three big Japanese securities houses - Nikko, Daiws and Yamaichi - are establishing their own clear-ing operations on both the CME and the Board of Trade. Spotlight on Euro-sterling deals Although Norway is a regular horrower, there has been concern that the country's economic problems might damage its reputation with investors. The kingdom currently has a split rating, with Moody's rating it AA2 and Standard & Poor's triple-A.

By contrast, the John Lewis deal was onickly sold out to

WITH THE Japanese equity warrant sector taking a breather after last week's ever-tions, new issue activity returned to more traditional sectors yesterday. Two Eurosterling deals attracted attention, coming at five and 25 years for the Kingdom of Norway and John Lewis, the UK store chain.
The £200m deal for Norway.

INTERNATIONAL

BONDS

lead managed by Samuel Mon-tagu, carries a 10% per cent coupon and matures on Febru-ary 14 1994. It was priced at 101% to yield 36 basis points over 10 per cent 1994 govern-ment bonds, a spread which many dealers thought was very tight. Nevertheless, the bor-rower's sovereign status was rower's sovereign status was crucial to the deal and the lead manager said a strong syndi-cate had been formed with

Some ease.

Bidding for the deal was said to have been fierce, with several houses advising the borrower to tap another mainrity on the grounds that demand for five-year sterling-denominated paper was limited. According to one trader, there has been concerted profit-taking in the five-year Euro-sterling area in recent days as investors have taken advantage of the paper of the contract of

tage of currency gains.

Late in the session the bonds
were quoted at less 1.95 bid,
outside full fees of 1% per cent. However, the issue is believed to have been partly swap-driven, with an attractive swap from sterling into floating-rate US dollars thought to have achieved a funding rate of Libor less 50 basis points for part of the deal. months and gain a yield pick-up estimated by the lead manager at 8 basis points per annum of the bond's life.

deal was quickly sold out to UK institutions, according to the sole lead manager, Warburg Securities. The £100m bonds carry a 10% per cent coupon and mature on January

coupon and mature on January
23 2314. The proceeds are part
of a funding programme for a
major store expansion scheme.
A partly-paid structure
whereby investors pay 30 per
cent of the issue price on February 6, with the balance due
in August, was the key to the
deal's success. It allows investors to place the balance in the deal's success. It allows investors to place the balance in the short-term markets for six a 9% per cent coupon and were

The launch spread over the 9 per cent 2008 government benchmark bond was 143 basis points, rising to around 150 basis points when the part-payment benefit was taken into account. Coupled with the company's good name, this
was easily enough to attract a
wide range of UK institutions.
The fact that John Lewis is a rivate company was felt to be significant. Its creditworthiness is enhanced by a perceived lack of event risk, allowing the borrower to set and achieve tight funding targets.

Elsewhere a \$500m issue for

Elsewhere, a \$300m issue for Credit Foncier de France was brought to the market by Long

priced at 101.70 to yield 41 basis points over US Treasuries.

The fall in the Treasury mar-ket dominated the deal's fate, leading to some declines from co-managers in the afternoon co-managers in the afternoon session. In late trading the issue was quoted at less 2.20 bid, outside fees of 2 per cent.

However, the spread over Treasuries had tightened to 38 basis points on an annual basis, indicating a reasonable reception.

In the Canadian dollar sec-tor, a C\$150m issue for the Province of New Brunswick which matures in 2001 and carries a 10% per cent coupon was also adversely affected by the US Treasury market and was quoted outside fees. The lead manager, Wood

Gundy, said demand for the paper had been primarily from institutional investors.

	4	Cousen %	Price	Materity	- Ilana	Seek Pusser
Sorremer LIS DOLLARS	ALLEGE IN.	Compan 74	-			
Credit Foncier	300	8,5	101.70	1909	134/34	LTCB Int'L
GMAC	200	91	101 4	1992	3/12	UBS Secs.
lseue Update; Canon Inc.(a)(b)44	600	414	100	1993	12/4	Yemeichi int.
Canon Inc. lal(c)	400	44	100	1993	112/4	Singapore Nomura
Masan Motor Credit	120	94	1014	1902	3/2	Delwa Europe
CANADIAN DOLLARS						
Prov.New Brunswick	150	104	1014	2001	176/4	Wood Gundy
SWISS FRANCS		_				
Missuuroko Co. 👈	40	410	97	7904	WA	Fuj) Bank (Schweiz)
Belgium +	100	54	100%	1996	NA	SEC
neue Update; Ton Electric(d)**	30	134	100	1994	NA	Banca O'Svizzera
		 _				
STERLING John Lewis &	100	1032	100.233	2014	242	Warburg Secs.
Kingdom Norway	200	7022	1815	1904	14/4	Samuel Montague
ecu						
Toyota Motor Credit	100	8	1015	1994	14/%	CSFB
MEN						
C ITOH America	1000	7	106.819	1993		Mildo Secs.
Orient Leasing	10ton	7	1144	1996	14/5	Nomura Int.
Orient leasing •	5bn	5	1014	1904	14/4	Delwa Europe

Dresdner sees 'exotic' flavour eroding from markets

By Katharina Campbell

GROWING competition for capital flows in the run-up to the creation of a single European Community market by 1982 will have a strong impact on Europe's smaller bond mar-kets, including those in non-RC countries, forcing down barriers, and banishing the "exotic" still have for international

report put out by Dresdner Europe's smallest (DM33bn). Bank entitled "Europe 92 -improved prospects for the smaller bond markets." The dismantling of current capital restrictions will mean

that "new, so far dormant markets are going to be caught np in the internationalisation process." The effect will be felt in till have for international markets from Italy, by volume the world's fourth largest bond market (DMS65bn), to Finland,

ber of pressures will be felt, Taken together, the eight minor markets Dresdner chooses to include contribute a total market capitalisation of DM1,875hn, almost one-third the size of the US market. But in most cases, illiquidity and antiquated institutional and market structures have kept them relatively isolated from international capital flows.

the report continues. Countries will be forced to towards greater convergence of eco-

eral of these markets are closed to non-residents cur-rently, and this is unlikely to continue if countries aspire to greater convergence of economic policies, a trend already well established since the formation of the European monetary system in 1979.

Far-reaching changes in institutional and technical structures will also be necessary to satisfy the requirements of foreign investors. Several expansion of the investors four years later. It has remained closed since.

LONDON MARKET STATISTICS

	These indices ar		•								
	EQUITY GROUPS			-	sary 3		_	Fri Jan 27	加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加加	Wed Jan 25	Year
k	& SUB-SECTIONS ares is parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Vield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	nd add. 1989 to date	index No.	index No.	freiex No.	Index No.
	CAPITAL 6000\$ (208)	897.58	+1.2	10.44	3.97	11.74	1.49	884.62	866.19	157.63	740
		1122.45	+1.1	11.35	4.06	10.84	1.24	1110.55	1085.63		985.4
		1659.14	+1.3	11.94	3.68	18.92	6.04	1637.23	1605.07	1601.77	1486.2
		2635.59 2824.47	+2.2	8.21	4.25	14.68	8.89	2577.83	2507.49		2466.
1	Electronics (30) Mechanical Engineering (55)	474.75	+2.1	9.24 10.44	3.23 3.96	13.98	7.19	2023,42	1966.64	1944.51	376
	Metals and Metal Forming (7)	511.21	+2.1	15.01	5.76	7.53	0.00	586.03	451.42	487.94	431.
	Motors (17)	300.17	+1.4	18.97	4.41	10.58	0.50	295.49	257.A5	284.87	277.
	Other Industrial Materials (22)	1516.55	+1.7	9.10	415	13.64	3.46	1498.82		1436.91	1236
	CONSUMER GROUP (186)	1164.59	+1.6	8.96	3.62	13.99	0.87	1142.32	1116,77		1843
	Brewers and Distillers (22)	1265.72	+2.3	19.06	351	12.41	0.00	1254.54	1226.41	1215.83	989.
	Food Manufactoring (21)	1037.73	+0.9	. 8.85	3.71	. 14.16	1.57	1029.74	1813.69	950.70	858.
	Food Retailing (15)	2867.60	+2.4	8.77	3.48	15.08	4.84	2037.61		1942.86	2467.
	Health and Household (33)	2055.14 1518.76	+2.1	6.53	2.64	17.55 15.84	6.26	2013.66	1962.19		1215.
		588.40	+1.1	7.98	3.43 3.89	13.12	134	1504.53 581.99	1470.86 572.71	1447.35. 567.64	586
		3647.49	11.0	8.61	4.31	14.54	338	3613.03	3527.64	3479.26	3473
	Stores (33)		+3_8	10.75	4.37	12.24	9.32	775.62	749.14	744.12	BL
ŀ	Textiles (14)	522.40	+1.5	13.33	5.44	1.92	0.04	514.92	500.15	. 514.90	.579.
ı	OTHER CROUPS (93)	1032.46	+2.2	10.28	4.18	. 11.97	0.12	1009.98	983.27	971.65	874
ŀ	Agencies (18)	1173.19	+0.5	8.05	2.47	15.68	9.00	1136.96		1179.08	
ľ		1161.92	+1.1	11.43	4.54	10.92	0.23	1149.57	1171.65	1113.16	
ŀ		1431.04 2168.20	+2.4	28.81 9.17	5.88 3.84	10.68	8.00	1397.72	1368.57 2064.13		1171
ŀ	Felephone Networks (2).	1138.55	+2.9	10.32	4.13	12.40	6.00	2117.65 1186.55	1849.28	1060.00	931
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		754.89	+1.6	7.50	4.73	12-42	8.28	741.91	724.88	717.98	663
		759.66	+2.6	18.86	5.76	7.11	0.00	748.63	719.86	713.53	676
Ì	usurance (Life) (8)	1066.15	+1.6		5.06		0.00	1946.88	1917.26	1915.93	1820.
ı	nsortunce (Composite) (7)		+1.1	~	5.28	-	9.04	585.44	579.62	567.38	517.
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LONDON TRADED OPTIONS

TURBULENT rise in equities ombined yesterday with today's expiry in the FT-SE 100 Index

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As 1992 approaches, a num-

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Proudfoot to pay £38.1m for US quality consultant

ALEXANDER PROUDFOOT, consultancy chaired by Lord Stevens of Ludgate, is to buy Philip Crosby Associates, the Florida-based quality consul-

tant, for \$67m (£38.13m).

Proudfoot, which acquired a
UK stock exchange listing as
the result of a reverse takeover
of City & Foreign Holdings in 1987, specialises in improving clients' productivity and efficiency. It has a reputation for recommending the dismissal of large numbers of employees. It said that the acquisition would be funded out of existing cash resources and debt financing.

Lord Stevens, who is also chairman of United Newspa-pers, said he hoped that the purchase of Crosby would enable Proudfoot to acquire a gentler image. "Crosby has a mellower reputation which I think for us is a plus," he said. He said that Crosby would continue to operate as a separate

entity.

Mr Philip Crosby, chairman
and founder of Crosby, is one
of America's best-known qualor America's Desi-known quar-ity experts. He is a proponent of the view that companies should not accept that a small percentage of their products will be defective, but should aim instead for zero defects. Unaudited interim results show that Crosby made a profit before tax of \$5.3m in the nine months to September 30 1988. The company is quoted on the

American Stock Exchange.

Mr Crosby sald that his company had been looking for a merger partner for three years. We had the strategic problem of how to expand worldwide quickly. We were expanding



acquire a gentier image away, but the rate we were going was not too good." Three months ago, Proudfoot approached Mr Larry McFadin. Crosby's president, to propose a merger. Both Mr Crosby and Mr McFadin will join the Proudfoot board.

Mr Crosby has said that commr Crosby has said that com-panies should not blame employees for quality problems as these are overwhelmingly the fault of management. How did he feel, then, about being chearled by a company absorbed by a company regarded as the hammer of the workers?

We checked that out very "We checked that our very carefully. Wa found that that was what Proudfoot was in the US 15 to 20 years ago. It's not what they do today," he said, adding, "I guess sometimes there have to be soma cnt-backs." However, Crosby's own approach to reducing employee numbers is that "if you do things right you don't have to get rid of people".

The advantage to Crosby of goods and services in a capital list society, there's always going to be a market for Proudfoot".

being taken over by Proudfoot was that the latter did more of its business outside the US, he said. "Wa haven't been able to do much work in Brazil. They have the largest consultancy in Brazil and we can put some of our people in their office," he

Mr Crosby said that his company's skill in making films and workbooks which companies could use to effect their own improvements would be of essistance to Prondfoot. Mr Thomas Huhn, Proud-

Mr Thomas Hull, I foot's chief executive, agrees. "I think Crosby is absolutely phenomenal at packaging products. Proudfoot is not good at that and a lot of what Proudfoot is can be packaged. You not into certain countries." foot is can be packaged. You get into certain countries—Indonesia, Mexico and so forth—and even though the need is there, the clients can't afford to hire Proudfoot. Crosby will help us tremendously," he said. Mr Huhn, who is also based in Florida, said that press reports describing Proudfoot as hatchet men were unfair,

hatchet men were unfair, although be accepted that adverse comment "goes with the territory". He endorsed his chairman's view, however, that Proudfoot could do with a less

aggressive image.

Apart from a new image, would there be any changes in Proudfoot's approach to cost-cutting? Mr. Huhn said that there would be closer consults. there would be closer consultation with clients. He added, however, that "as long as the world exists the way it is, and you have companies providing goods and services in a capital-

Predators' eyes fall on a well-fattened prey Steven Butler analyses the latest of a long line of bid talk surrouding Ultramar

over candidate for so many years it is difficult to know whether the latest hints of a hid are to be taken seriously.

Ultramar itself lent credence to them when it said yesterday that Noverco and Unigesco. two Canadian companies, along with Banque Paribas had been trying to weld together a consortium to make an offer for the company. Ultramar says that various international oil companies and financial institutions have been

approached.
This was widely seen in the City as a defensive move aimed at lifting the Ultramar share price, possibly high enough to scupper the formation of any consortium, which many view as improbably anyway. Aside from the uncontradicted assertion that the Canadiana have tion that the Canadians have been talking to people, it is unclear how far discussions have got, or what the real intent is.

If a bid does come in the

weeks and months ahead, it will catch Ultramar toward the end of a rationalisation process that many believe has broadly improved the fortunes of the

Large acquisitions in the past year have fattened up two

LTRAMAR, the UKbased oil group, has
been touted as a takeandidate for so many strategically, even if Ultramar paid a full price.
This has left the group with

four main operating divisions: refining and marketing in Eastern Canada; refining and marketing in California; exploration and production in the UK; and natural gas production in Indonesia.

The gas business is an excel-lent cash generator which is expected to show steady growth in coming years because of increased demand for liquefied natural gas from Japan.
The field of potential buyers

for this asset, and consequently the price that might be paid in any break-up of the group, has often been questioned however because of doubt over how happy the Indonesian government would be to see a change of owner-ship, particularly to a buyer with which it has no familiar-

The Canadian operation, under the management of Mr Jean Gaulin, has been a star performer of the group in recent years, seeing Ultramar through troubled times in 1986 when oil prices collapsed. Investment in upgrading

higher margins now being earned by refineries able to make lighter petroleum products, such as unleaded fnel.

After his success in Canada, Mr Gaulin has also been put in broad control of the California business, where Ultramar last year paid \$440m to by a modern refinery in Wilmington. Ultramar was able to put in the highest bid for the refinery in warth business. part because of the availability of US tax losses.

In the North Sea, the Ultramar upstream operation was expanded last year by the £111.6m ocquisition of Blackfriars Oil & Gas.

Ultramar's observation yesterday that the company's core businesses were well balanced geographically and between npstream and downstream businesses is well shared by the City and the group appears to have recovered a modicum of strategic direction after having floundered for a time. The balance, however, is pro-

the stock market often prefers to be valued separately - the downstream businesses on the basis of earnings, and the npstream businesses on the sis of asset value.



John Darby, chairman of

It is only the major oil com-panies that can effectively encompass this spread of businesses, because they are so big as to be almost bid proof, and because a demerger on this cale would destroy the market for the assets.

Many in the city were yester-day comparing the situation to the IC Gas demerger several years ago, when a failed bid prompted a dismantling of the group. If a serious hid comes

along for Ultramar, the management could choose to go down the same route. rather than let a predator profit at shareholders' expense.
Despite the improvement in Ultramar's performance, there is linguing distruct of the con-

Many analysts say that Many analysts say that directors are overpaid, and that group overheads are excessive. Mr Jeremy kiden, of phillips & Drew, ostimates group administration came to £11m, compared to an estimated £48m in net operating profits in 1968. The high costs in part case to a well-paid US. in part owe to a well-paid US staff in Tarrytown, N.Y., not an obvious place for group headquarters.

And the group still hangs on to its shipping operation, and US upstream businesses for no apparent reason.

The acquisitions of the pe year have made Ultramar a far bigger prey, one that could be of increased interest to a major oil company precisely because of the balance and size that Ultramar has achieved.

Yet if a big oil company is really to become involved in a bid that could exceed £1.2bn. what role is left for a consortium led by a small Canadian group holding just 4.27 per cent of the shares.

Haynes slips to £1.43m due to strong pound

Haynes Publishing Gronp, publisher of car and motorcycle manuals, reported pre-tax profits marginally down from £1.45m to £1.43m in the six months to the end of Novem-

Mr John Haynes, chairman ascribed the downturn to the increased strength of starting, additional costs associated with the eastern warehouse in the US and the publication of 18 additional titles.
Without these costs, he said.

pre-tax profits would have een £1.63m. Turnover in the UK advanced 21 per cent and

group turnover was np 15 per cent to £7.85m (£6.83m). Mr Haynes said that turnover in the US improved by 6 per cent but that the strength of sterling had reduced that figure to 1 per cent when con-

UK trading profit was 8 per cent ahead at £1.07m. In the US it was £305,000, ahead of bud-get but down by £88,000, due to increased costs associated with the new warehouse at Nash-

ville, Tennessee. Earnings edged down to 18.12p (18.24p) per 20p share.
The directors have decided to increase the interim dividend by 1p to 8p, to equalise the half- and full-year pay-

Foseco buys US maker of diamond tool products

By Fiona Thompson

FOSECO, the speciality chemicals and abrasives group, has purchased the business and certain trading assets of Super-cut, a Chicago-based manufacturer of high performance diamond tool products. Foseco has paid \$9.8m (£5.58m) cash, with a further maximum of \$2.8m payable depending on performance over the next five years, to acquire net trading assets of \$3m. Super-cut's major customers are the glass, metalworking and ceramics industries. Pretax profits in 1988 were \$1.5m on sales of \$11.8m.

Jordan, group managing direc-tor, "and the acquisition of Super-cut is a further step in our strategy of expanding our diamond tool interests into a position of market leadership

in key markets of the world." Last March Poseco acquired Detroit-based Beck Diamond Products, which had been suc-cessfully integrated, said Mr Jordan. Foseco has owned Universal Diamond Products, a third US tool products com-pany, for some time.

Foseco is one of the top three diamond tool products companies in the world. Diamond in high performance diamond cutting tools," said Mr Robert cent of its total turnover.

Property option for Ford Sellar

Ford Sellar Morris Properties, the USM-quoted property investment and development group, has been granted an option to acquire a controlling interest in London & Overseas

LOL is an unlisted company with a portfolio of income producing investment properties and development sites situated mainly in the UK. Net asset value of the company at end-March 1988 amounted to

The option, exercisable between April 13 and April 30, was granted by members of the Lovett family and covers 74.1 per cent of the LOL issued capital.

FSM intends to launch an offer for the outstanding shares, conditional on further satisfactory information on

The option will lapse if no offer is forthcoming on or before February 20.

Braithwaite pulls out of pumps manufacturing

BRAITHWAITE GROUP, the the acquisition. engineering company which has over recent years been transformed into an industrial services and specialist prodncts business, yesterday announced its much flagged disposal of the manufacturing division of SPP pumps for

Braithwaite bought SPP in April last year, making it clear at the time that it was mainly interested in the Sykes pump-hire business that came with

The more capital intensive manufacturing side of the busi-ness - which made a trading profit of £850,000 before central charges in the year to Febru-ary 1987 — has now been sold to Sterling Fluid Systems, a subsidiary of the Thyssen Bor-

nemisza gronp.

The proceeds will cut Braithwaite's gearing to around 100 per cent, in the company's eyes a suitable base for further expansion.

T. Cowie builders' welcomes **DTI** decision By Andrew Hill

The Department of Trade and The Department of Trade and Industry is to take no further action as a result of an investigation into possible insider dealing in the shares of T. Cowie, the Sunderland-based motor group, between March 11 and April 9

In line with usual practice, repor inspectors will not be pub-Mr Tom Cowie, the group's

chairman, yesterday welcomed the decision which, be said, "at last clarifles our position and puts this chapter behind "We have always main-

tained that we were confident about the outcome of any investigation and naver doubted it would be resolved in our favour." Mr Cowie added: "They have been inquiring into this for 21 months when it could have

been sorted out in 21 days. I have found it very, very frus-

AAH expands supplies side

AAH Holdings, the distribution and services company, has expanded its builders' supplies division with acquisitions totalling £2.2m.

The group, which doubled the size of its environmental

services operation with a near £17m purchase at the beginning of the month, has bought Garston Builders (Merchants), based near St Albans, for £1.95m cash. Garston has annual sales of about

AAH has also acquired Hum-berside Aluminium & Glazing Services (Scunthorpe), which provides glazing and window installation services to tha building trade, for £250,000 Trading profits in AAH's

builders' supplies division increased by 64 per cent to f4.1m in the year to March 31 1988 - 17 per cent of the group's total trading profit.

GEC threatens Plessey chips

By Terry Dodsworth, Industrial Editor

AN AMBITIOUS expansion project planned by the semi-conductor division of the Plessey electronics group is being threatened by the hostile take-over proposals of the General **Electric Company and Siemens** of West Germany. The plan would take Plessey

for the first time into the two highly competitive fields of memory chip and microprocessor production.

In both areas the company would be aiming to emulate the success it has had over the last few years in specialised nicbe markets rather than inmass-market commodity

Mr Doug Dunn, managing director of the semiconductor division, said yesterday that

putting these proposals into effect had been made much more difficult by the hostile bid. "We are trying to develop relationships with other companies, and this is not easy when you have the spectre of a buy-out and closure at hand." According to Mr Dunn, Ples-

sey is examining at least six different product lines, including a microprocessor, a static random access memory and a semi custom chip using programmable logic. The most controversial area under consideration involves using a new ferroelectric technique for making dynamic memories, the industry's biggest selling

chips.

The broad range of the expansion project underscores

the buoyancy of Pleasay's semi-conductor activities. After taking over Ferranti's chip business a year ago, the division increased its turnover last year to £97m from £56m, while profits jumped to £7m

from £4.8m.
In a poli of users published this week by Electronics Weckly, the leading trade magazine, Plessey came top of the preferred supplier lists in three of the main categories for spe-cialist producers of semi-custom chips.
The company is now alming

to expand in areas related to the ones figuring in the magazine survey, largely by using process and design technology developed for its current product line in other chips.

Tootal confirms rejection of Goldberg

By Ray Bashford

TOOTAL confirmed yesterday that it had rejected a merger proposal from Mr Abraham Goldberg, the Australian textile manufacturer who controls 14.4 per cent of the UK

company's capital.

Mr Goldberg planned to sell
Tootal all of his Australian textile and clothing operations in return for a significant stake, understood to be about one-third of the capital of the UK

company. Mr Geoffrey Maddrell, Tootal's chief executive, said there were no plans for further discussions with Mr Goldberg, who has returned to Australia. However, he added: "We are sure we will hear from him

again Mr Goldberg increased his Tootal stake from 9.2 per cent last week before making the proposal. He has held shares in

berg's integrated Australian distribution canabilities, textiles business will be adversely affected by intensified international competition following the gradual lowering of barriers to imports in the run up to the elimination of certain onotes by 1995. The acquisition of Mr Gold-

berg's operations would also be Tootal since 1984, and launched a £124m bid in February 1985.

Tootal believes that Mr Gold-marketing and international distribution carabilities.

underlying commercial logic, the Tootal group also believes that it would not be in the best interests of shareholders as a whole to have one individual exercising significant influence over the group," they added.

DIVIDENDS ANNOUNCED Total for year payment payment 14 0.1 6.0966 6.823 Арг 28

Dividends shown pence per share net except where otherwise stated.

10.849 17 Equivalent after allowing for scrip issue, †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock, •Third market. After 15 months.

SPONSORED SECURITIES 10.3 10.0 3.4 3.3 Bardon Group Cv. Pref. (SE)..... Bray Technologies Brembill Conv. Pref 107 287 168± 151 110 4.9 13.1 9.4 3.3 8.9 129 Carbo Pic (SE) .. 28 13.5 20 XA8 29 131 10.2 29 7.5 30.3 These Securities are dealt in strictly on a matched bargain basis. Notice Gramillo & Co Limited nor Gramille Davies Limited are market makers in these securities. Grandir & Co. Limbol. 8 Lovat Lune, Lundon ECIR SEP Telephone 01-621 1212 Grandle Devise Links Telephone 01-621 1212

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Feb. 1692/1701 +40 Feb. 2075/2085 +53 Feb. 2314/2326 -3
Mar. 1702/1711 +42 Mar. 2087/2097 +59 Mar. 2323/2335 -5

Prices taken at 5pm and change is from previous close at 9pm

This announcement appears as a matter of record only.

Adia UK P.L.C.

a subsidiary of

Adia S.A.

has acquired

Task Force Group plc

We acted as financial advisor to Adia S.A. in this transaction.

Merrill Lynch International & Co.

December 1988

This announcement appears as a matter of record only. The acquisition by

Task Force Group plc

Adia UK P.L.C.

was partially financed by a placement of

2,800 Bearer Shares of SFr. 200 each

Adia S.A.

Sole-Managed by

Merrill Lynch International & Co.

December 1988

UK COMPANY NEWS

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EMINE ANNOUNCED

The Control of the Co e segui in in selections. The man promise

BULLOUGH, the office which was affected by disapfurniture and engineering group, yesterday amounced a 24 per cent increase in pre-tax profits to £26.23m in the year to October 31 1988. The profit figure included a

2500,000 contribution from Atal, the French office furni-ture manufacturer, which Bullough acquired on September 1 last year. The office products division contributed more than half of pre-interest profits, thanks mainly to a strong performance by Project Office Furniture. Divisional profits were £13.53m, against £10.93m in the

previous year.
All other divisions reported increased profits, with the exception of engineering,

which was affected by disappointing performances at the Hago and Brymitre companies. A major restructuring pushed Hago into losses of \$300,600 whilst Brymitre worked "inefficiently" in the second half. The division's profits fell from £2.7m to £2.18m.

The refrigeration and store fitting division increased profits from £4.34m to £5.52m despite a £400,600 plus provision at George Barker to reflect the cost of replacing a faulty imported component.

imported component.

The electrical division bene-

find from the previous year's restructuring at Newton Derby and G&M Power Plant and profits increesed from £945,000 to £1.65m. Heating showed a

with profits of 23.85m (22.98m). Overall trading profits increased to £26.73m (£21.9m) while interest payable fell to £394,000 (£894,000). After tax of 23.96m (£7.44m), earnings per share rose 23 per cent to 44.7p (36.3p). The recommended final dividend is increased to 12p for a total of 17p (14p). A two-for-one scrip issue is also pro-

O COMMENT Bullough has consistently produced good figures and these were no exception. The office furniture division is obviously setting the pace and this should continue, provided that Atal lives up to Bullough's previous record in managing its acquisitions. The other divi-

against a downturn in the office sector, although as a whole, the group is heavily dependent on UK economic performance. Inevitably, in a group with so many busiproup with so many businesses, there were some poor performers last year. However, if the loss at Hago and the provision at George Barker disappear this time, that should give a further boost to profits, which will also benefit from a full year at Atal. Pre-tax profits book set fore Sym this weer. look set for £31m this year, putting the shares, up 7p at 480p, on a prospective pie of around 9.5. That represents a discount to the market which is probably undeserved in the light of Evilonetic lengths.

light of Bullough's long-term

Astra Trust poised to take stake sions provide some balance in Splash By Andrew Hill

ASTRA TRUST, engineering, property and financial services group, is poised to take a major stake in Splash Products, the T-shirt

Splash Products, the T-shirt printer and character merchandiser, which could lead to a full hid.

Astra has the option of buying 14.9 per cent of Splash at 65p a share, compared with yesterday's closing price of 80p, down 2p.

The group was rebuffed last week when it made a verbal approach to Splash with an all-shares offer valuing each share at 65p, and the whole company at just over £11m.

"We certainly think we can bring something to the party in terms of resources and management," said Mr Theo Paphitis, Astra's chairman, yesterday.

But whether or not we bid very much depends on whether (Splash's) manage-ment have their shareholders' interests at heart," he contin-

Mr Paphitis said that 65p compared with a market price of less than 50p when the group acquired the option over the Splash stake, adding that he would not be prepared to offer much more for the com-

pany.

Splash, which is quoted on the Unlisted Securities Market and owns a portfolio of licences to print cartoon characters on T-shirts, issued a formal statement last week that it had received an approach from a potential bidder.

Astra has six months in Astra has six months in

which to exercise the option to buy the 14.9 per cent stake in Spiash, but Mr Paphitis said he would act well before the deadline and would be seeking talks with Spiash's manage-

ment shortly.

Mr Paphitis pointed to
Astra's expanding marketing
services and direct-mail division as one possible overlap
between the two groups.

Last October, Astra sold the
Aston Hippodrome, a snocker
and hingo club which made up
the bulk of its betwee division.

the bulk of its leisure division, to Pavilion Leisure, taking a 29.9 per cent stake in the Glas-gow theatre proprietor in the

Slough sells industrial estates portfolio to BHH for £43m

By Paul Chesseright, Property Correspondent

SLOUGH ESTATES, the UK's biggest industrial property group, has sold to BHH Group for £48m a portfolio of 11 indus-

for £43m a portfolio of 11 indus-trial estates, two retail proper-ties and one office building.

This is the biggest industrial property deal of the year so far and reflects the continuing buoyancy of the sector. Total returns over the last year, according to the Richard Ellis monthly index, have topped 40

tor was reflected in the fact that Slough called tenders for the portfolio and attracted 30 offers, largely from property

For Slough, which had over 12m square feet of industrial property in its portfolio, the strength of the market offered an opportunity to dispose of what it called "mature"

For BHH, the Stoke-on-Trent company once known as Ber-keley and Hay Hill Investkeley and Hay Hill Invest-ments, acquisition of the port-folio means a large increase in its property trading stock, and an opportunity to exploit one of the characteristics of the industrial property market over the last year - the strong demand from occupiers to own their own memiase their own premises. BHH, which recently sold its

housebuilding interests to concentrate on commercial prop-erty investment and develop-ment, raised the funds for the purchase through the issue of unlisted preference shares, placed by Banque Paribas Cap-ibal Markota

ital Markets.
In all the portfolio of property covers 1.2m square feet. The industrial estates are to Aberdeen, Avonmouth, Bexhill, Bishops Stortford, Braintree, Carlisle, Derby, Lancing, Salford, Southall and Wakefield. The other properties are in Market Harborough, York and Mortiske. The whole provides a rental income of \$2.5m. ntal Markets. vides a rental income of £3.5m

Southend takes full control of textile business By John Thornhill

Southend Property Holdings has exercised its option to buy the remaining 60 per cent of Hamlet International, a textile business based in London's cent and for 510 pm

business based in London's east end, for £10.9m.

The vendors, the Natham family, will be issued with 6.3m new Southend shares.

Hamlet International, runs an import/export business specialising in menswear, shoes and textiles and has three properties, including Fieldgate House, in and around the Commercial Road.

Mr Malcolm Dagut, South-

mercial Hoad.

Mr Malcolm Dagui, Southend chairman, said that Southend would have complete control in developing Hamlet's
properties leaving Mr Aharon
Nathan, Hamlet chief executive, free to concentrate on the

textile business.
Mr Dagul said that it would
be Southend's long-term intenbe Southend's long-term inten-tion to float off the textile con-

Hazlewood purchase

Hazlewood Foods, the fast-growing foods group, has made another acquisition in Europe. The company is buy-ing Belgapraline, a Belgian chocolates manufacturer, for BFr 24.5m (£358,000). Further annual payments may be made up to a total of £368,000 over the next 10 years.

John Menzies to sell library services division to Blackwell

JOHN MENZIES, the retailer and newspaper wholesaler, is planning to sell its library ser-vices business to BH Blackwell, the private bookseller.

Menzies would not put a price on the division but said it contributed about 5 per cent of group profiles, which rose to 226.2m before tax in the year to

January 30 1988. The operation supplies books and journals to academic, pub-lic and periodical libraries in

MTM, the speciality chemicals manufacturer, is to acquire JD Campbell & Sons, a leading

producer of agrochemicals. Campbell is a private, family company and was founded in 1865.

MTM will pay a total of £5.5m for Campbell and its sub-sidiaries - £4m for the Camp-

bell shares and £1.5m as new

working capital to replace a pre-acquisition dividend paid

by the Campbell directors to

Based in Warrington, Camp-bell specialises in the produc-

tion of crop protection prod-

MTM pays £5.5m in

agrochemical deal

the UK, Australia and North It also advises on the selection of books for new libraries and can provide epecially-bound books if required.

Menzies said it was planning to sell the business, which has about 15 per cent of the UK public library market, to concentrate on its larger wholesal-ing and retailing activities. Blackwell, which is based in Oxford, also has a library ser-

worldwide.

vices division which is active in the UK, North America and Australia, but has less of a presence in the public library market. Yesterday's statement was

made when news of the negotiations began to leak out to cus-tomers of the two retailers, but Menzies said yesterday that it would be a few weeks before any sale was formalised. The group added that no further disposals were planned.

Blue Arrow postpones full year figures

By Philip Coggan

ucts, manufacturing a range of insecticides, fungicides and harbicides which are sold Pre-tax profits for the year to September 30 1988 were £410,000 on sales of £8.5m. Campbell has net assets of MTM will raise the £5.5m by

the issue of new ordinary It is expected that, following completion, the vendors will retain MTM shares to the value of 2800,000, with the balance being placed with leading investment institutions.

Blue Arrow yesterday

Blue Arrow yesterday postponed the amnouncement of its preliminary results for a week until February 7.

Mr Bruce Gray, company secretary, said there was "nothing sinister" behind the move and that it had proved impossible to set all the flagues. impossible to get all the figures

ready in time. Earlier this month, Mr Tony Berry, chairman, was ousted from his executive responsibilities and Mr Mitchell Fromstein, the former president of Manpower, was appointed chief

Falcon to take tentative steps towards stock market relisting

By David Walter

FALCON RESOURCES, the oil explorer whose shares have been suspended since October 1985, yesterday announced a series of steps which could eventually lead to a relisting

eventually lead to a relisting on the Stock Exchange.

The company is planning a 25m rights issue, to be underwritten by Guidehouse Securities. Included in the documentation for the issue — terms of which have yet to be determined — will be the long-awaited unpublished accounts for 1985, 1996, and 1987.

According to Mr Ronnie Monk, Falcon chief executive, this would ultimately lead to a relisting for the company's

relisting for the company's shares by way of a reintroduc-tion. The balance sheet would be reconstituted, the threat of liquidation removed and the company left with a viable future.

The proceeds of the issue would be used to pay off a £480,000 loan from Venturelarge, a company controlled by Mr Oliver Jessel, the financier, and to buy the two-thirds of the US-based Falcon Andrau Energy Corporation (FAEC) that Falcon does not already

Mr Jessel, a rival of Mr Monk's who last October was voted off the Falcon board at an egm, yesterday said that his threat of litigation against the company was "on the back-

"Venturelarge and other creditors were minded to put

said yesterday. Now, he thought it best to await the outcome of the rights issue. A contract has been drawn up - but not signed as yet -spelling out how the Venture

spelling out how the Venture-large loan will be repaid.

The plan is to use \$800,000 of the rights proceeds to make an offer for the remaining shares in FAEC, which has filed a liquidating plan under Chapter 11 of the US bankruptcy code. Falcon also wants to issue shares to buy the 75 per cent of shares to buy the 75 per cent of the FAEC Energy Programme No.1 that it does not own.

If the proposals are successful, Falcon would end up with 90 per cent ownership of 48 drilled wells in a Colorado oil field, and full ownership of a 24 Falcon into liquidation, he mile pipeline system.

EFT acting chairman resigns

MR HUGH Barry, one of the two leading figures in EFT, the Edinburgh-based financial ser-vices company formerly known as Edinburgh Financial Trust,

resigned yesterday.

Mr Barry, executive deputy chairman, said he had left the company in order to pursue his independent interests. Together with Mr Hamish Grossart, Mr Barry created EFT in its present form following a battle for control of Edinburgh Financial Trust in late 1986 and early 1987. The compeny then gave up its invest-ment trust status and concentrated on corporate finance and fund management.
With the chairmanship

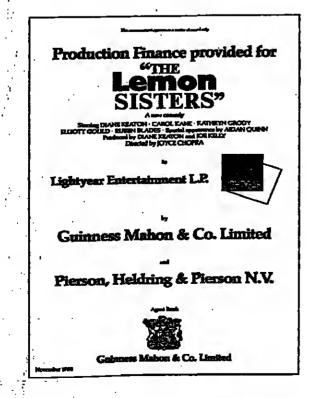
vacant, Mr Barry was acting

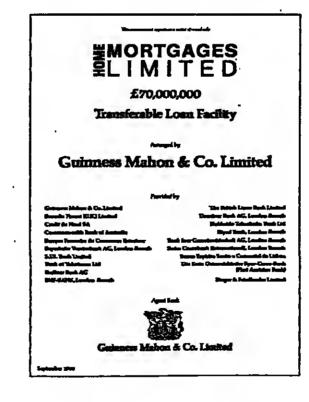
chairman of EFT. He said he was retaining his beneficial interest in 835,000 EFT shares for the foreseeable future. He is also to remain on the board of City of Edinburgh Life, the life assurance company controlled

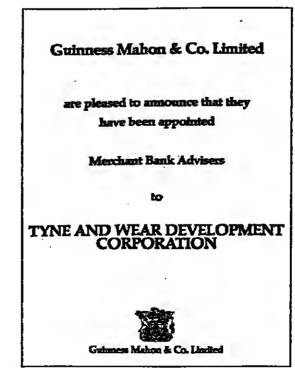
Mr Grossart said: "We are sorry to be losing Hugh Barry. We wish him well."

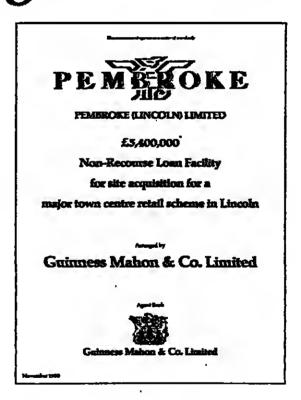
Guinness Mahon – busy building businesses

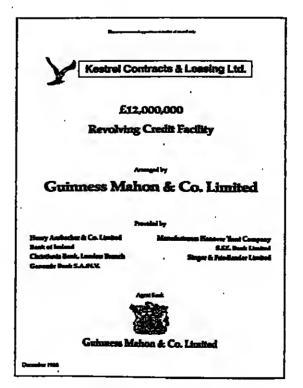
Leasecontracts plc £12,000,000 Hire Purchase Facility Guinness Mahon & Co. Limited











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UK COMPANY NEWS

Strong's **Pittard** stake raised to 5.3%

By Nikki Talt

STRONG & FISHER has raised its stake in Pittard Garnar to 5.3 per cent. Strong's hostile £41m bid for fellow leather group Pittard lapsed last November after being referred to the Monopolies and Mergers

Strong said it had bought 422,500 shares since its offer lapsed, raising its interest from about 3.3 per cent. Yesterday, it was unable to

say what prices it had paid other than to say that they were bought at current market prices. Since the beginning of December, the Pittard price has ranged between 192p and

200p.
The possible effects of a merger between S&F and Pittard have been under consideration by the Monopolies and Mergers Commission since late-November, with a threemonth timescale set for the

inquiry.

The bid was the first to be referred after the Elders IXL/ Scottish & Newcastle Breweries offer, when following its referral the bidder promptly swept into the stockmarket d added substantially to its

In this case, the Departmen of Trade and Industry barred Strong from acquiring more than 15 per cent of Pittard's voting rights.

Sullivan kicks off move into big-league newspaper publishing

Raymond Snoddy on the publisher's interest in P&S newspapers

R DAVID SULLIVAN
is irredeemably
known as the publisher of "girlie" magazines;
the man who briefly set the tone of Lord Stevens' Star newspaper and the proprietor behind Sunday Sport exclusives such as: Second World War Bomber Found On Moon. With his purchase of a 5 per cent stake in Portsmouth and Sunderland Newspapers last

week a new, previously hidden, David Sullivan has emerged — David Sullivan the investor. "I look at dozens of compa-nies every week. I just look at the company accounts," says Mr Sullivan who adds that he never pays much attention to

stockbrokers' analysts. "If they are tipping to you, they are tipping to everyone," says the man whose first for-tune was made from a chain of sex shops and magazines. "You must look at the assets. Not the book assets, but

the real brand assets and at the freehold, particularly when it was last valued." In the recent past he has done quite nicely from a brief flirtation with 1.5 per cent of the shares in Capital Radio, the London commercial radio station, and 3 per cent in Preedys, the Midlands-based news-agent chain, not long before it was acquired by Next, the

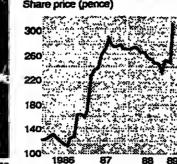
retail group. But Mr Sullivan's courtship

David Sullivan: would like

of Portsmouth and Sunderland or Portsmouth and Sunderland could be the real thing.

The company's value "shone out like a glowing light," he says. Its assets include three evening newspapers, four paid-for weeklies, 12 free newspapers, stakes in radio sta-tions, modern printing presses, 48 newsagents and convenience stores before you even talk about freeholds and all for not much more than the £25m Reed International paid for the titles of Mr Eddy Shah's local

newspapers. "If necessary I would be willing and happy to go the whole way," says Mr Sullivan with-out a trace of humour in his Portsmouth & Sunderland Newspapers



He believes that Portsmouth and Sunderland could be worth closer to £100m than its pres-ent valuation of about £35m. but concedes that he was "a hit silly in retrospect" putting out a press release drawing more than the legally required atten-tion to his find.

The publisher of the 600,000-circulation Sunday Sport, who already has a Wednesday Sport and plans a Friday version from March, will now let the dust settle at Portsmouth and

Mr Sullivan would like to match the 18 per cent of the company held by Sir Richard Storey, chairman. Then, he says, "I would be entitled to

have a seat on the board." As more than 40 per cent of the shares of Portsmouth and Sunderland is controlled by family interests, the company is less than distraught at the ardour of the unsolicited

suitor.
"David Sullivan is saying we are a well-managed company and that we are undervalued. I have to agree on both counts," Mr Charles Brims, P&S chief executive, said yesterday. Had he been in touch?

"We have not been in con-versation and we don't intend to be," added Mr Brims, who conceded, however, that the company had not been too grand to print some of the early issues of the Sunday Sport before a long-term con-tract to print The Observer

As for Mr Sullivan be regards the modest move against Portsmouth and Sunderland, which made £3.3m pre-tax profits in its first half, as part of a longer term strat-

T've been playing nonleague football as a newspaper publisher. I want to get into the second or third divisions and maybe one day the first division," says the London University economics graduate who claims he is in a position to raise between £50m and £100m for the right opportu-

S&N waits for DTI decision on share deal

By Lisa Wood

SCOTTISH & Newcastle Brewerles has not yet been informed by the Department of Trade and Industry whether it will appoint inspectors to investigate share dealings in the company last November on the day the £1.6bn bid for S & N by Elders IXL was referred to the Monopolies and Mergers

On the day the referral was announced Elders, in a controversial move, lifted its stake in S & N by 9.4 per cent to 23.6

per cent.

S & N said yesterday that it had not received any response yet from the DTL The Department said it could not comment on the matter.

Cambium Venture

Cambium Venture Capital, an investment company in the process of changing its status to a leisure and industrial holding group and its name to Flagstone Holdings, has raised £338,625 before costs through a placing of 6.3m shares. Proceeds of the issue, equiv elent to 4.59 per cent of Cam-

bium's enlarged share capital, will be used for working capi-tal. The shares were placed at 5 3 p against Cambium's unchanged market price of

Jas Halstead buys Driza-Bone range

By Chris Sherwell in Sydney and Ray Bashford in London

JAMES HALSTEAD, the Manchester-based polymer products company, has snapped up the Australian maker of the Driza-Bone water-proof clothing range, in a deal which could arouse local sensi-

The company has paid A\$9.64m cash (£4.78m) for the range Driza-Bone which from humble origins at the turn of the century as waterproof clothing for sheep drovers and cattle drovers in the outback, is enjoying an inserting in war. carrie drovers in the outcome, is enjoying an upswing in pop-ularity among Australia's urban population.

Mr Vincent Clare, Halstead

chairman, acknowledged yes-terday that there was "a danger of offending people" by buying a company which pro-duces the range of coats, jackets and trousers so closely identifiable with local tradi-

"We are the least offensive Pommies in that we have been involved with the company for some time. Mr Clare said. Halstead has enjoyed a commercial relationship with Dri-

za-Bone for some years and will attempt to exploit the brand name in the UK, Europe and North America.

Laura Ashley last year attempted to win control of another famous Australian bushman's outfitter, R M Williams, but lost in a bid battle

Halstead already manufacthe Australian company, under a licence agreement with Haistead's Belstaff subsidiary, mannfactures Halstead's waxed-cotton waterproof motorcycle clothing.

profit was fem on turnover of f47m. Mr Clare said that his company paid a very good price in view of present caraings and scope for expansion.

Preliminary discussions about the purchase were beld early last year but Halstead acted quickly when a firmer approach was recieved last

Fisher, another clothing company, won control of R M Williams, and also expressed interest in acquiring Driza-Bone. However, Mr Clare said that Bennett and Fisher "made a least than scales a stronger." less than serious attempt." Armour Driza-Bone, based in

US expansion for Wace

By Andrew Hill

WACE GROUP, the expanding sidiary, will be related to the pre-press services company, amount by which the US compre-press services company, has made its second acquisition in the US.

The group is paying an initial \$5.5m (£3.13m) in cash and shares for Etheridge Company, a printer based in Grand Rap-ids, Michigan. The deal follows the £33.4m purchase of Techtron, the largest colour pre-press company in the US, last September which made Wace the largest

pre-press services group in the fragmented world market. Further payments for Etheridge, which already trades with pany's adjusted pre-tax profits exceed \$750,000 in the year ended December 31 1988.

more pre-press and printing companies in the UK for a total of up to \$4.4m in cash and

Initially, Wace will pay £1.9m for three London-based companies — Character, an artwork studio, Diagraphic, a magazine typesetter, and Uni-verse, which typesets financial documents. Further payments of up to £2.5m depend on pre-tax profits in 1989 and 1990. Techtron's Grand Rapids sub**TEXTURED JERSEY**

Interim slip leaves profit at £422,000

TEXTURED Jersey, the maker of knitted jersey fabric, saw pre-tax profits slip from £605,000 to £422,000 in the six months to the end of October. The interim dividend is being

VVe are 125 years old. And still

growing strong.

maintained at 2.5p.
The company said that the Government's policy of restraining consumer demand and poor trading conditions have adversely affected profit

Turnover was up at £11.36m (£10.35m) as were interest charges at £182,000 (£122,000). After tax of £148,000, earnings were down at 7.06p (10.18p) per 10p share.

Continental Assets Trust, the investment trust, reported undiluted net asset value of 119p at December 31 1988, compared with 84.5p a year earlier. The diluted figure was

CONT'L ASSETS NAV recovery

continues

At June 30 1988 NAV was

News Digest

106.6p (143.6p for June 30 1987) basic and 105.5p (136.4p) fully diluted. Revenue before tax for 1989 was 86 per cent abead at £108,000 (£58,000). Earnings per 75p share worked through at 0.42p (0.12p) and the dividend is a proposed 0.35p

The company said that its major exposure was to the Dutch, German and French exchanges, which rose by 16.4, 18.2 and 38.7 per cent

MINTY Disappointing first half

Minty, the furniture maker, yesterday revealed that it had received a number of approaches which might lead to the sale of its manufacturing

It also announced a disappointing first half which huve by LL4 to £3.84m but losses increased from an adjusted £115,000 to

DERBY TRUST

Revenue and earnings up

Net earnings per income share of Derby Trust, a split capital investment trust, worked through at 11.8824p (10.849p) in the 12 months to end-1988. Revenue before tax expanded to £1.99m (£1.83m). The second interim dividend for the year is raised to 6.823p

ASSOC NURSING Second half

confidence Associated Nursing Services, the USM-quoted homes for the elderly group, lifted pre-tax profits from £213,000 to £273,000 in the 28 weeks to October 15 1988. Turnover expanded from

After tax of £61,000 (£64,000), earnings per 10p share rose marginally to 4.2p (4.1p). No dividend is payable for the **CAULDON GROUP**

£987,000 to £2,43m

First full year brings profits

Cauldon Group, the specialist tool maker and engineer, reported taxable profits of £271,000 for the 12 months to end-September 1988 – its first full year of trading since the acquisition of the William Boulton Group in July 1987.

The outcome compared with a deficit of £100,000 in the three months to September 30 1987. Turnover rose to £3.77m (£477,000). Earnings per 5p share worked through at 0.48p against losses of 0.23p. No dividend is proposed.

NORBAIN ELECT Static profits, lower turnover

Norbain Electronics remained almost static in the six months to October 30, with pre-tax profits at £22,000, up from £20,000. Turnover was considerably reduced to £5.3m (£11.34m). Earnings per 5p share were up to 0.25p (0.18p). There is no interim dividend.

WM SOMMERVILLE Maintenance hits profits

Exceptional maintenance cut taxable profits at William Sommerville, a paper maker, from £415,000 to £330,000 in the six months to end-November 1988. Turnover was £5m (£4.64m). Earnings per share were \$2.62p (41.68p). The interim dividend is maintained at 1p.

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¥10,000,000,000

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In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 3rd February, 1989 to 3rd August, 1989: (i) the Rate of Interest for the Notes will be 5.15% per

(ii) the Interest Amount will be \\$255,384 per \\$10,000,000 Note. Agent Bank

The Long-Term Credit Bank of Japan, Limited Tokyo

tures and distributes the Driza-Bone coat in Europe, while

Driza-Bone notched up a pre-tax profit of A\$2m in 1988, while Holstead's 1988 pre-tax

November. Adelaide-based Bennett and

Brisbane, is the company which manufactures the range of goods and owns this and other registered trade marks. Halstead has acquired it outright, buying 95 per cent of its shares from Armour Investments and the remaining 5 per cent held by a company called

ROARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Critical indications are not available as to whether the dividends are interime or timple and the sub-

which generated a degree of

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interest payable on the relevan interest payment date 28th February, 1989 will amount to US\$72.92 per US\$10,000 Note and US\$364.58 per US\$50,000

Agent Bank: Morgan Guaranty Trust Company of New York

U.S. \$500,000,000 The Republic of Italy Floating Rate Notes

due 2005

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By: The Chase Manhattan Bank, N.A. Landon, Agent Bank January 31, 1989

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HONORAMME

TECHNOLOGY

selves in the early 1980s.

They were responding to something stirring in Japan, where the electronics industry had spotted a potential market in equipment that could recover high-quality colour prints from a talevision or computer screen, or a video camera. This large international market, extending from business to education, embraces users of visual display units and the more affluent owners of video recorders, all of whom may want a high-quality printed image

as a permanent record.

The ICI scientists, led by William Barlow at Runcorn in Cheshire, saw it as a chance to invent a new effect by combining ICI skills in chemis-

by comming ICI skills in chemistry and synthesis of materials.

Until them, printed images had been achieved only clumsily by setting a camera in front of the screen. In the case of television images, the result was particularly unsatisfactory because the image — meant to be viewed at relatively long range — was too grainy to be viewed close up as a photo would be. up, as a photo would be. Part of the answer is the thermal

rinter. About two dozen companies

- half of them in Japan - are now
chasing the market with their versions of this equipment.

The first model was demonstrated
two years ago by Hitachi, which ICI
helicope to be about of the others in believes to be shead of the others in

I I ow do you capture a colour picture faithfully from an electronic signal? That was the challenge ICI scientists, then working in data storage and retrieval, set themcolour in the early 1000s.

A colour ribbon that leads to picture quality

David Fishlock explains how ICI scientists combined skills to create a product for electronic printing

Now his aim is to convert every Now his aim is to convert every user of thermal printers to the D2T2 technology. ICI's product will be a "colour ribhon", analogous to a camera film, which carries precisely spaced patches of dyes for the three primary colours — yellow, magenta

and cyan.

The thermal head of the video printer transfers the three dyes, successively, from the colour ribbon to the white receiver paper or trans-

the field. ICI's invention — called dye diffusion thermal transfer (D2T2 for short) — is designed to complement and enhance the Hitachi equipment. ICI has applied electro-optic technology, which has characteristics of both printing and photographic quality prints," explains Barlow.

So high is the quality of the picture produced by Hitachi using D2T2, he says, "we have trouble persuading people it is not a true photograph hut an electronic image."

parency, as shown in the diagram. The image is diglitised. Inside the thermal head are thousands of minuscule heating elements — up to 400 to the inch — each separately driven by the digital signals, which transfer into an individual temperature for each point on the picture. The precise temperature of each element determines how much dye is transferred from the colour ribbon to any given spot on the paper. Each line of electronic data is "written" in 60 milliseconds.

When transferring dye, the elements run at about 350 degrees C.

Each line of electronic data is "writ-ten" in 60 milliseconds.

When transferring dye, the ele-ments run at about 350 degrees C.
The colour ribbon – thinner than clingfilm and drawn continuously across the head – must withstand all these stresses without sticking. In 1983, Barlow and the team became part of the newly created ICI Electronics division. They were able to gather the science they needed for D2T2 from several parts of ICI, demonstrating the new com-mon purpose of ICI science insti-

gated by its research and technol-

From the organic chemists of the former dyestuffs division came a matching set of three heat-sensitive dyes. These are dispersed molecular larly in the colour ribbon, which remains transparent like multi-col-oured clingfilm. Each dye molecule is free to move independently under the influence of heat and pressure. For film technology, the team turned to ICI Films and its surface science. For the colour ribbon, new resins were formulated to ensure integrity at up to 860 degrees C and in conditions of low friction. For the paper, the team needed coatings to optimise dye receptivity and diffu-sion characteristics to speed the dye

molecules on their way.

The scientists drew up a model of the D2T2 process on a computer with the assistance of Manchester University's department of mathematics. This helped them to discover that the basic physics was not as they had imagined.

They had at first believed that The dve diffusion thermal transfer (D2T2) process

dve molecules were turning straight from solid to vapour in a process known as sublimation. In fact, the dye molecules were passing through the various plastic layers by diffu-sion. To follow events, the team engaged the expertise of Birming-ham University in thermal micros-copy and that of their fellow ICI scientists working with a scanning electron microscope.

By 1987, they were arousing tre-mendous excitement among the supplier of electronic printing

systems with the "almost photographic" quality of their prints, says Barlow. He contends that the outcome is scientifically sophisticated but mechanically much sim-pler than other electronic printing processes, which need transfer ele-ments — such as ink jets — which

may clog up.

Barlow estimates that it took about 150,000 man-hours to make the first prints by D2T2. It is his hope that the colour ribbon will be

At present it takes about 80 seconds to make a print by DST2 tech-nology. But the ICI team expects this to drop substantially as transfer technology advances, for exam-ple, by using lasers instead of ther-mal printing heads.

As with all research in advanced materials, one of the most difficult questions is how far ICI should go "downstream" into the territory of the electronic printing system sup-plier. "You have to understand what the customer is doing in order to understand his needs, says Sir Charles Reece (who retires today as research director). The aim is that the researchers should come up with a product rather than a material - so achieving greater added

Staying close to the customer in staying close to the customer in up-and-coming market sectors like electronic data recovery and printing, which are dominated by Japan, also means investing in research and development in that nation.

Barlow, now technical director of ICI Imagedata, part of ICI Films, has a team of several dozen engaged in this technology, divided between Tsukuba. Japan, and Imagedata's

Tsukuba, Japan, and Imagedata's laboratories at Brantham in Essex. Sir Charles forecasts that ICI will in future invest more heavily in R&D outside Britain, "not because the UK is an unsuitable place to do research, but because we need to be working with scientists in countries like the US and Japan if we are to be part of their society."

A previous article about R&D at ICI appeared on January 25.

Where necessity is the mother of inventions which have a market

Richard Donkin looks into the motivation which helped produce the winners in the 1989 British Design Awards

■Ben Harris had a problem. As chairman of a company specialising in group photo-graphs, mainly of schools, he had to send out lorry-loads of wooden staging with a team of workers to set up the seating for perhaps 500 people.

The system was reasonably satisfactory when his photog-raphers used the traditional panning camera on a long time exposure - the ones

where the boy on one end can run along the back and get on the photograph twice.

But when Harris's company, Gillman and Soame, of Oxford, introduced a new camera which took a single plate pho-tograph resulting in a finer quality print and larger pro-files, he needed to compress the width of the group and increase the number of tiers.

He decided to spend £50,000 developing a safe, light, easily transportable and erectable staging system that could be

adapted for groups of between 50 and 1,500. Two years later he had spent £500,000. The result was Trajan staging, an aluminium system which received the blessing of 580 hishops who used it for their group photograph at last year's Lambeth conference.

After such an outlay, Harris says he "had a few more grey hairs and a very understanding bank manager. But more to the point, we had a product which we realised had worldwide sales potential."

Gillman & Soame's Trajan staging, in the contract goods category, is one of the 16 win-ners of the 1989 British Design Awards, And it is typical of the problem-led, successful designs - where necessity has been the mother of invention.

The awards, announced today, also reflect the previous pattern of small company dominance. More than half of

this year's winners employ fewer than 200 people.

For Rex Wilson, chairman of WTC, of Wigan, the problem was more one of survival. In the 1970s he had been making a living importing and distri-buting US-made welding equip-ment. But the fall in the pound against the dollar priced him out of the market.

A trained engineer, with 85 years' experience in the welding industry, he looked at the market, looked at the products and decided to make his own equipment. The result is the Aircrafter welding torch (com-ponents category), a new gen-eration of plasma arc cutting tool incorporating compressed

Early plasma torches, designed to overcome the constraints of the oxy-acetylene torch which is useless for met-als that resist oxidation, employed a hot stream of current-hearing gases. These mixtures of argon, nitrogen and hydrogen had to be water-

Wilson's air plasma cutting torch uses compressed air, which dispenses with water cooling and expensive gases, and makes the machine smaller and easier to carry. The air plasma torch can cut ferrous metals and work at higher temperatures, avoiding the problem of alloy dilution and distortion.

The product has been so suc-cessful — WTC has sold 10,000

of the torch head units - that Wilson has moved to New Zealand to explore the market around the Pacific rim while his sons handle the 50-employee UK operation.

Toby Churchill, a former engineering student, was left a paraplegic, confined to a wheelchair and unable to speak after swimming in a pol-inted river. His chief problem was one of communication.

bridge bedroom, his company, Toby Churchill Ltd, which consists of himself and a develop-ment team of three, has cre-ated the Lightwriter SLI (medical equipment category). This compact communication aid, smaller than a lap-top computer, is shaped like a roof-top with sides of unequal

length. On the long side, fac-ing the user, there is a small keyboard and screen and on the other is another screen which repeats the message to the reader. Churchill has sold 280 Light-

writer SLIs at £392 each. He says it is typical of the type of product which cannot interest large-scale producers because they see it as having limited sales potential.

Like many of the successful entrants, Churchill engaged an industrial design consultancy to ensure that the finished article achieved the appear-

■ The use of a design consul-tancy also paid dividends for ITM, of Aldershot, a manufacturer of audio-visual equip-ment, which engaged the PDD consultancy in Fulham to help develop a projection screen called Deltascreen (contract goods category).

Projection screens have not been the sexiest of products, tending to go unnoticed as long as they do the job. "We just thought we ought to have something which did the job better," says Alastair Rmblem,

ITM marketing manager. The new screen looks very like its forerunners - square and white. However, it dis-penses with the tripod arrange-ment; it is neat, stable and does not trap the fingers when

being put up. "A lot of people have come up to me and said "Why didn't I think of that?"."

says Emblem. "I suppose that

Working from his Cam- ance of a mainstream con- is the essential ingredient of Other award winners area midge bedroom, his company, sumer product. any new design."

Demand for the screen,
which costs £160, has outstrip-

ped supply and PTM has had to move its 30-employee operation to premises twice the size of The problem facing Crabtree Electrical Industries was an

obvious gap in their range of electrical accessories: the lamp-holder.

Crabtree took up a private invention which not only plugged this gap, but also overcame the last area of the home where bare terminals could be exposed, the empty lamp socket. The company developed the safety lamp-holder (components category), incorporating a spring-release contact breaker which antomatically isolates the contacts

once the bulb is removed. Based in Walsall and part of the Hanson group, Crabtree is selling 250,000 a year.

hand bearing compass; segmeeting products: Willian Design, of Stenenage, for its advantum; medical seguipment; Micro Medical, of Rochester, for production system; medical equipment: Micro Selonater used for measuring breathing. Unipath, of Bedford, for the Micro Spirometer used for measuring breathing. Unipath, of Bedford, for the Clarbiu One Step home pregnancy test; computer software; Metapraxis, of Kingston upon Tharnes, for Resolve, a program which displays company data in a clear visual form for managers, JBS Computer Systems, of Maccleafield, for Multiview software, a user-friendly package for the Units computer operating system; Number One Systems, of Hunlingdon, Cambridgeshirs, for the Entry PC program for the design of printed circuit boards; motor bedware; a GNL Composites, of Tailford, for the LiteRida composite spring; TRW Cam Gears, of Clevedon, for the Centre Plus power steering system that gives sheering precision at high speeds; TSM Technology, of Tailford Park, Manchester, for the Accongide plation which reduces energy loss, due to Intellon; components; Remishase Metrology, of Wotton-Under-Edge, Gloucestersister, for motorised probeheads which enable the automatic inspection of components to be more comprehensive, accurate and cost affective.

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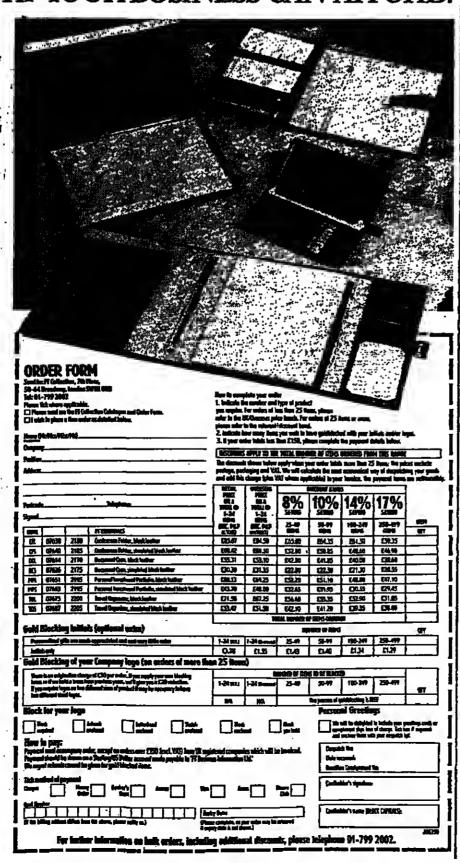
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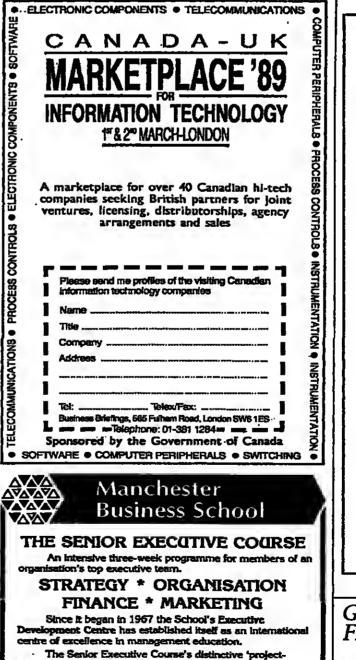
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OF INTEREST

The Government of the State of Western Australia is redeveloping the Coogee Special Industrial Area to the South of the Capital City, Perth. A preliminary study has identified the potential for a "Biotechnology Park" to be established in the area. Modern bioprocessing and biotechnology techniques appear to be capable of substantially improving the economics of operation and reducing the environmental impact of the local agricultural and marine product processing industries.

Expressions of interest are invited from consultant organisations capable of conducting a multidisciplinary study to further examine the technical and economic viability of establishing a "Biotechnology Park" within the Coogee region. The study must be international in scope in order to fully canvas the options available. However, to ensure direct local relevance, it is anticipated that Western Australian based consultants

that Western Australian based consultants
would form an integral part of any project team.
The closing date for submissions is
24th February 1989.
Terms of reference for the study and

proposal details are available from: Dr Sue D. Meek
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COMMODITIES AND AGRICULTURE

No meeting of minds at cocoa pact talks

the agreement \$56.4m out of

total arrears of \$84.6m. Most

other producing countries have

stopped paying the levy on

exports, leaving the import levy paid by consumer coun-tries as the sole source of

Consumers wanted the levy

suspended so that arrears did

not continue to mount. They were incensed by a statement from Mr Moma Mohammed,

the producer spokesman, saying that when an organisation was in a critical financial situ-

was in a critical infancial situ-ation, it was not the time to suspend the funding. Con-sumer delegates now query whether their countries will be willing to shoulder the burden

Mr Juergen Plambeck, the

buffer stock manager, has been left in a particularly uncom-fortable position. He told the

talks that he needed to rotate

10,000 tonnes of the stock at a cost of \$2.2m to maintain its

David Blackwell on the yawning gap between producers and consumers

A LMOST THREE years ago cocoa prices fell sharply (to £1,509 a tonne) on news that the Ivory Coast would not join the new cocoa agreement. Mr Denis Bra Kanon, the Ivory Coast Minister of Agriculture, told the United Nations Cocoa Conference in an emotional speech: We are all subject to the arbitrary decisions of the exchanges in New York, Chicago, London and Paris. Nobody can guarantee us a minimum price."

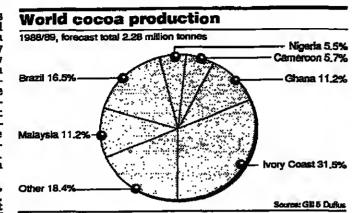
in the event the Ivory Coast, the world's biggest producer, did join the agreement, but it did not find the Shangri-La of price support. In fact world prices fell even further to hit £722 a tonne in September last year. And on Friday the latest session of International Cocoa Organisation's talks collapsed in London, failing to find any solution to the problems that have paralysed the agreement's market support mecha-

ment's market support mechanism for the past year.

The reason behind the failure to agree on any of the important issues last week, according to one leading consumer delegate, was that consumer countries saw the agreement as a means of stabilising prices around a trend, while prices around a trend, while producers saw it as a means of supporting prices.

These are two completely opposing and incompatible phi-losophies," said the delegate. The agreement set out with the intention of stabilising prices by the operation of a buffer stock, but market prices fell so far and so fast early last year that buffer stock buying had little effect.

On the London cocoa market prices appear to have stabilised



recently around £850 a tonne. At the end of last week the ICCO 10-day average indicator stood at 1,071.28 Special Drawstood at 1,071.28 Special Drawing Rights (SDRs). But at the ICCO talks producers refused to countenance a cut of 115 SDRs a tonne in the defence price range to between 1,370 and 2,040 SDRs s tonne.

Consumers maintain that, under the rules of the agreement, the cut should have been made automatically last March when the buffer stock reached

when the buffer stock reached the maximum permissible 250,000 tonnes.

Mr Peter Baron, consumer spokesman, said last week that the key to progress at the talks lay in agreement to cut the defence price range. He was disappointed not only on this issue, but on several others of equal importance.

The buffer stock is funded by

a \$30-a-tonne levy on exports and imports of cocoa. The Ivory Coast has never paid the levy on its exports, and it owes

quality, but the meeting did not approve a budget for rota-tion. The consumers now say that he is obliged to rotate in any case, while the producers disagree. Whatever he does in the next six months will upset one side or the other.

Producers were also keen to get on with the withholding scheme, supposed to be the next level of defence once the buffer stock was complete.
They were willing to store up
to 120,000 tonnes of cocca
under the scheme at their own expense — estimated at \$15.6m for a full year. But consumers remained adamant that without funds, the ICCO should do nothing more.
At current rates of expendi-

ture and income, the ICCO will run out of money shortly after the next meeting in September. The buffer stock manager is not allowed to incur debt, so he will be obliged to start selling off the buffer stock to raise funds. In any case, if the agreement is not extended beyond September 1990 he will be a to September 1990, he will have to liquidate the buffer stock over

a period of 4% years.
The threat of an extra 250,000 tonnes coming onto the already overburdened market through buffer stock selling should in theory concentrate delegates' minds in September. Prices have not crept far ahead of the recent 12%-year lows, and the support they have had

and the support they have had has come from independent action by the Ivory Coast.

At the beginning of this month it sold 400,000 tonnes of its cocoa to Sucres et Denrees, the French trade house, which is to put 200,000 tonnes in storage. Consumer countries age. Consumer countries regard this as illustrative of

mitment to the agreement while the Ivory Coast believes other producers should make similar deals to support world Drices.

Consumers were keen last week to learn more details of the controversial deal, which is being investigated by the Euro-Ivory Coast insisted that it had made a private contract, and the price paid by Sucden for the cocoa remains unknown. The Ivory Coast action came

in the face of a growing world surplus of cocoa. The country has refused both to cut the price if pays its growers and to sell its cocca below what it considers a profitable price — FFr 1,200 per 100 kg. It has undonbtedly kept

world prices higher than they would otherwise have been, analysts believe. But in the long term consumers are bound to switch away from its top quality cocoa to other pro-ducers, such as Malaysia and Indonesia, which do not belong to the ICCO.

However, tha Ivory Coast has been consistent in its attitude to the cocoa agreement. It still sees speculators and ter-minal markets as the enemies of strong cocoa prices. It appeared reluctant to join in the first place, and it has given strong hints that it is not interested in another agreement.

Meanwhile, as Mr Baron pointed ont last week, the absolute deadlock at last week's talks has put commodity pacts in general in a bad

As another delegate put it:
"If you're talking about international co-operation, this session has done considerable

NZ wool sales hit by supply shortages

By Dai Hayward in

A SHORTAGE of offerings has forced the cancellation of two February wool auctions in the

February wool auctions in the North Island of New Zealand with another March auction delayed in the hope that more wool will come forward.

A big drop in the national sheep flock — the result of the severe South Island drought — and changed shearing patterns because of weather, have created the shortage. All fine wools were sold by mid-Decamber.

The shortage in February has been caused by the gap between the full length shearing, which is several weeks shead of usual, and the start of the communications. the antumn shearing. Wool men doubt that there will be sufficient wool available to meet the March and April

Some wool exporters still have to buy their requirements to meet outstanding shipments to China and the Soviet Union and there has also been increased demand from Euro-pean countries. However, European buyers have been seeking longer length wool, of which a limited quantity is available. A question mark still hangs

over the quantity which China still requires. Last season it took 50,000 tonnes - 20 per cent total exports. This season, however, China has already bought 44,000 tonnes - more than one third of total exports of longer length wool - in the first six months (to the end of

in the calculations which pro-

duced yesterday's income fig-

ures. (Interestingly however,

the number of actual farm

holdings in Britain is shown as

having increased to 255,400 in

1988 compared to 252,100 in

1984, principally because of a rise in the number of very

small holdings from 102,700 to

Elsewhere, the report shows

that agriculture's assets cover its liabilities six times -

against about eight times in

1983. It also notes the declining

importance of agriculture in

Gold comes under further pressure

By Kenneth Gooding, Mining Correspondent According to Mr Nichola: Taiwan's central bank made headlines as perhaps the single

GOLD BULLION, which fell through the psychologically important \$400 a troy ounce barrier again on Friday, con-tinued its decline yesterday and some dealers suggested the price might test \$385 before

There were also estimates about gold imports by the world's two biggest bullion buyers. These suggested that official gold imports to Taiwan this year might drop by 20 per cent from the 1988 record of 354.7 tonnes (11.4m ounces) but that Japan's imports could jump by 8 to 10 per cent to about 325 tonnes (10.4m

The forecasts were made by various dealers and analysts in those countries and monitored by Mr Jeffrey Nichols, managing director of the American Precious Metals Advisors con-

sultancy organisation.

He pointed out that Japan imported about 297 tonnes of gold bullion and another 21.8 tonnes of gold coins last year. "Forecasts about builion imports for 1989 range from a low of about 280 tonnes to as much as 360 tonnes - but the consensus seems to be roughly 325 tonnes," he said.

higgest buyer of 1988. This year it is likely to continue adding to official gold reserves, but discreetly in a manner which will attract as little notice as acceptable. Drivers sector sold possible. Private-sector gold interest. however, will probably continuo to expand throughout the year ahead." Meanwhile, gold was fixed in London yesterday afternoon at \$394 an ounce, its lowest for more than four months. At the close it had recovered slightly to \$394.25, down \$5 an ounce since Friday's close.

Dealers said the main influence was the firmer dollar, which was above the important 130 yen level for the first time since early October. "The dollar is keeping precious metals under pressure, particularly as there was no sign of central bank intervention," one dealer

Several analysts last week suggested that gold was in a long-term bear trend, likely to last until the last quarter of this year and to see the price fall as far as \$300 or \$325 an

Peruvian miners issue fresh strike threat

By Veronica Baruffatt in Lima

THE FEDERATION of Miners, Metallurgical and Steel Work-ers in Peru has threatened to call a 72-hour strike if the Government does not set up a com-mittee to look into their nationwide claim by the sec-

ond week of February.
National mine union officials
have said they are demanding that mine owners reinstate miners dismissed after two national strikes last year and stick to commitments to pro-

wide holidays and bonuses.

Mr Guillermo Diaz Sojo, a miners' spokesman, praised, the Government's passing of a new law introducing early retirement for miners, and the annulment of the decree which had declared the national min-ing industry in a state of emer-

The early retirement law and the annulment of the decree which declared the mining sector in a state of emergency were two important aspects of our claims. We now demand that the Government fulfil its obligation to set up a multi-sectoral committee to find a solution to our nation-In the meantime, miners

representatives are meeting officials from the Ministries of Labour, and Energy and Mines, in an attempt to find a solution to their demands. Centromin, the state mining company, which employs 12,000 miners in 17 unlons, reached an agreement on January 26 after four weeks of arduous discussion. But the 60,000 strong national confederation has continued to push its nationwide claims in parallel, so that there have been two

tracks of negotiation.
In recognition of the difficult situation Centromin is facing at present, the miners agreed to accept lower wage increases than were originally demanded.

 News of the Centromin agreement prompted profit-tak-ing in the London Metal Exchange zinc and copper markets yesterday. Traders said this reduced the likelihood of a strike holding up supplies of Peruvian zinc metal and con-centrates, particularly if other producers and their workers followed suit. But they added that any further price dips were likely attract buyers in view of the markets' sound

Change during w	M STOCKS sok ended last Friday)
Aluminium high gr	rade +1,050 to 148,450
Copper Grade A	+ 1,350 to 77,475 -7,160 to 52,525
Nickel	+48 to 5.132
Zinc	-5.275 to 33.275

Dairying fares best as overall incomes slide steeply

Previous

Bridget Bloom studies official figures showing wide variations between agricultural sectors

Britain's FARM incomes fell by a dramatic 25 per cent last year although official figures published yesterday show marked variations between sectors. Dairy incomes rose by a healthy 25 per cent but incomes from arable farming and from pigs and poultry fell to record low levels. The new figures, published in a report which replaces the

annual review of agriculture, include Inland Revenue estimates obviously intended to suggest that farmers may have a more of a cushion against falling farm incomes than was

Farmers are estimated to receive only 50 to 60 per cent of their total taxable income from farming, the remainder being from other earned income (about 15 per cent) and from

LONDON MARKETS

single indicator of income can provide a complete picture" of the way Britain's farms have fared in the recent years, faced with three poor harvests out of four and the continuing reforms of the European Community's common agricultural policy which are cutting back farm gate prices in an effort to pare production and so budget-

Three principal measures are used, starting with aggregate

Effectively this is arrived at by taking gross output, and removing gross input, depreci-ation, labour, interest charges and net rents. The report notes: "There was little change in the overall quantity, average price or value of the industry's output but with higher input costs, its net prod-uct fell by nearly 7 per cent" in 1988. After deducting labour costs, interest and rents, this

COCOA E/tonne

was "reflected in a 25 per cent fall in aggregate farming

Its second measure is the cash flow of farmers and their spouses "which may be closer to how many farmers. . . perceive their earnings from agri-culture." This shows a 21 per cent fall in current prices for 1988. In real terms this is shown as a 24.5 per cent

These cash flow figures look somewhat less stark if they are applied not just to farmers and their spouses but to partners, directors and family workers as well: they become, respectively, falls of 15.8 per cent and 19.5 per cent.

On any measure, however, overall incomes are steeply down, whereas there are marked differences between sectors. Here, one set of figures gives a forecast for 1989-89 (ending February) expressed in terms of 1982-83 as the base year (1982-83= 100). UK dairy farmers are shown at 130, live stock farmers in hill areas, 125; stock farmers in hill areas, 125; cereals, -10; and pigs and poultry, -60. In real terms (deflated by the retail price index) these figures become: dairy, 100; hill livestock, 95; cereal, -5; and pigs and poul-

Expressed in another way (and this time for the year ending February 1988 compared to 1986-87) English dairy farmers are shown as having net income of £18,500 in 1987-88, against £15,200 a year earlier, while arable farmers dropped to £6,000, against £16,400 a year earlier. Pig and poultry incomes were down to £14,300 from £17,000 - though this was before the worst of the cyclical trough which hit both industries last year, as well as before the current egg

In broad terms these figures provide proof that while prodoction quotas on milk have enabled dairy farmers to rationalise their businesses and improve their incomes, and high support levels from Brussels have maintained incomes in "least favoured" hill areas, the combination of poor harvests and the Brussels farm reforms have hit cereal farmers hard. The pig and poultry industries are very lightly supported by Brussels, so the explanation there is rather of cyclical over-produc-

The report promises more detail on farm incomes in this year's Farm Incomes Survey, expected in a few weeks. That survey may - as yesterday's report does not - go into fur-ther detail on the 113,000 farm holdings estimated at under about 40 acres. These are con-sidered too small for inclusion

US MARKETS

MOST of the metals continued their

recent downward silde with copper futures poeting the biggest decline reports Drexel Burnham Lambert. farch copper closed at 142.45c down 4.8c as news of a possible settlemen in the miners strike was noted. An increase in LME and Comex stor also added weakness. Gold and silv futures eased on mixed trade and commission house activity. Platinum prices were firm on light volume. In the softs, cocoa futures fell 30 points in the March contract with trade and

the nation's economy, where it contributes 15 per cent to GDP 2.2 per cent in the 1970s. Farming employs 586,000 people, or 2.3 per cent of the employed workforce against 2.7 per cent

Agriculture in the UK: 1988. HMSO, 27.60.

WORLD COMMODITIES PRICES

Ring turnover 10,775 tonne

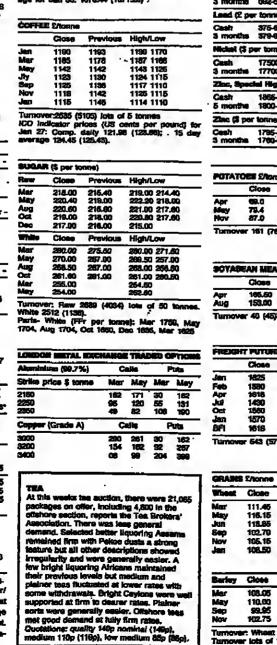
(Prices supplied by Amalgamated Metal Trading)

AM Official Kerb close Open Interest

C MCTALless war		Close	Previous	HIGHLOW	
E METAL prices were generally	Mar	843	862	865 848	_
er on the LME yesterday, with the	May	853	800	875 848	
eption of lead, which closed steady	Just	736	852	865 826	
rising in morning trading on news	Sep	835	851	851 833	
cks in LME warehouses fell	Dec	845	863	862 842	
as last week. Some traders	Mar	852	869	868 850	
ely this metal had been	May	500	879	860 859	
warrant in the hope that n of increased demand prices, but was still lying varehouses. Nickel prices	price 1	indicator or Jan 27		is per tonne). (105.96):15 day :	
the cash premium over etal narrowing sharply.	COFFE	E É/tonpe		···	
flected a lack of fresh		Close	Previous	High/Low	
njor steel milis and	Jen	1190	1193	1190 1170	
which have	Mar	1185	1178	- 1187 1186	
8,000 tonnes this	May	1142	1142	1148 1126	
baeda becbe 86	Jiy	1123	1130	1124 1115	
New York ICO	Sep	1125	1136	1117 1110	
nat producer	Nov	1118	1142	1125 1115	
unning behind	Jen	1115	1145	1114 1110	
s merely confirmed liers said.	Jen 27	dicator po	daily 121.9	5 tormes ents per pound (128.66); . 15	for
FOB) + or -					
	SUGA	R (\$ per to	KING)		_
\$14 18.4 22v . 325					

A		
Crude oil (per barrel FOB)		+ or -
Dubal Brent Blend W.T.J. (1 pm est)	\$14.13-4.222 \$16.70-6.804 \$17.55-7.602	N-425 .
Oti products (NWE prompt delivery per t	onne CIF)	+ or -
Premium Gasoline Gas Oli Haavy Fuel Oli Naphtha Patroleum Argus Estimates	\$184-186 \$142-143 \$72-74 \$159-161	
Other	-	+ or -
Gold (per troy oz) 4 Silver (per troy oz) 4 Platinum (per troy oz) Palladium (per troy oz)	\$394.25 584c \$516.0 \$135.0	-5.0 -22 -11.25 -2.75
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market)	52265 1625-1670 400 8400	-60 +5
Tin (Europeen free merket Tin (Kusis Lumpur market Tin (New York) Zinc (US Prime Western)		+20 +0.07
Cattle (live weight)† Sheep (desd weight)† Pigs (live weight)†	109.98p 141.23p 79.78p	-0.16° -1,11° +1.58°
London daily sugar (raw) London daily sugar (white) Tate and Lyte export price		+62 +32 +4.5
Berley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	2114w 2132.5w 2124.95v	-1.0 +0.75
Rubber (spot)♥ Rubber (Mer)♥ Rubber (Apr) ♥ Rubber (KL RSS No 1 Feb)	62.75p 72.50p 73.00p 315.0m	+0.75 +0.75 +0.75 -0.5
Coconut oil (Philippines)§ Palm Oil (Meleysian)§ Copre (Philippines)§	\$545u \$400q \$380	+10
Boyabeans (US) Cotton *A* index	\$184 64.75c	+0.98

cocours on transhimmit	-	
Palm Oil (Maleysian)§	\$400q	
Copra (Philippines)§	\$380	+10
Sovabeans (US)	\$184	
Cotton *A* index	64,750	+0.90
Wooltops (64s Super)	660p	
£ a tonne unless otherwise	stated p	-pance/kg.
c-cents/lb. r-ringgit/kg. z	-Mar. w-F	eb. v-Apr/
May. u-Mar/Apr. q-Apr/Ju	n. x-Feb/I	Var. †Mest
Commission average fatst	ock prices	. * change
from a week ago. Thore	don physic	al market.
≰CIF Rotterdam. ♣ Bullion	market ch	cse. an-Ma-
layalan conts/kg.		
-		



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2012	US conts						ting turnover 0 oz
Cash	579-1		600-3		582-5		
s mont	ha 682-6	5	613-8		585-8		375 lots
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Cash 5 mont	375-6 hs 379-6		375-6 378-9	380 382/379	379-8.5 379-80	375-9	9,863 lote
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mont			18300-600 17900-8000	1800/1770	18000-200 17775-800		5,653 lots
Zbc, 8	pecial Hig	de Grade	(\$ per tonne)			Ring t	mover 2,625 toren
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	per torine					Ring tu	FTIONET 6,550 SOUTH
Cesh 5 mont	1795 he 1760		1878-90 1818-20	1846	1848-80 1790-6	1755-60	12,051 1000
			1010-20	101011100	1750-0	1750-05	
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	Close	Previou	# High/Low		Gold (fine oz		£ equivalent
Арг	69.0	68.3	69.5 67.8		Close	394-39432	223 4 - 234 4
Nov	79.4 87.0	78.5	79.5 78.0		Opening	394 4-394 4	224.085 224.085
			40 tonnes.		Morning fix Afternoon fix	394.00	224.131
	(40	,			Day's high Day's low	394 ¹ 2 - 395 393 - 393 ¹ 2	
DOYAB	EAN MEA						S
	Close	Previou	s High/Low		Colon	5 price	2 equivalent 290-233
Apr Aug	165,60	165,50	165.50 183.00		Mapheleaf Britannia	405-410 405-415	230-233
					US Eagle	405-415 405-415	290-283 230-233
Гиглом	er 40 (45)	lots of to	-				
Turnow	er 40 (45)	lots of 20	tonnet.		Angel Krugerrand	383-396	273-225
Turnove	er 40 (45)	icts of 20	tonnet.		Krugerrand New Sov.	383-396	62 12-53 14
			dex point		Krugerrand	383-396	
			dex point		Krugerrand New Sov. Old Sov.	383-396 \$24-834 \$24-834	52 12 -53 4 52 12 -53 4
REIGH Ian	г гитин	23 \$10/in	dex point		Krugerrand New Sov. Old Sov. Noble Plat	363-396 92 1 ₄ -63 1 ₄ 62 1 ₄ -63 1 ₄ 539-75-546.75	52 ½-53 ¼ 52 ½-53 ¼ 505.80-310.80
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len Seriey Barley Barley Barley Barley Barley	Close 1825 1880 1818 1450 1850 1870 1818 1870 1818 1870 1818 1870 1818 1870 1818 1870 1870	Previou 112.59 105.25 108.80 Previou 108.40 1112.51 112.51	dex point High/Low 1925 1590 1890 1821 1903 1430 1480 1570 1550 1570 1550 High/Low 112.35 111, 117.40 118, 1192.90 112, 196.35 105, 196.75 108, 198.90 108, 19	15 25 70 70 10 50 50	Krugerrand New Sov. Old Sov. Nobite Plac Silver fix Spot 5 months 12 months 12 months 12 months 12 months 12 months 12 months 14 months 15 months 16 months 17 months 18 months 18 months 19 months 10 months 10 months 11 months 12 months 14 months 15 months 16 months 16 months 17 months 18 months	383-396 921,-931, 5921,-931, 5921,-931, 5921,-931, 5921,-548,75 9/fire GZ 334.05 344.25 355.40 375.55 /berral	EZ 1-814 S2
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OTTION OTTION	price gaini slight The (soyar Maizro softe mark week over prom Pork funda from declino ne mente promote the mente promote pro	s correcting 1.98. It is a second to the complex of	iling featu- tied Frida Sugar fur Sugar fur From mixed higher to add higher to add higher to add higher to add high so of cold- countries of cold-cold- c	ys declir tures we ed trade r prices li rays tradi res had v day with se. The n er to beg g and co er weathe ng in the gained oil m local sei	re by re activity. In the Ing. ery prices neat in the noem er er cattle. Infilmer inter parket ling with
	Ne	WY	ork		
_	GOLD		oz.; Wtroy o		
		Close	Previous	High/Low	
	Feb Mar	395.3	396.1 396.0	395.8	394.2
	Apr	398.6	400.2	400.4	508.5
	Jun Aug	410.2	405.2	405.4	403.6 409.1
	Cos	416.7	416.0	414.8	414.8
	Ped	421.2 395.3	421,5 366,1	421.7 395.8	419.5 394.2
,	Apr	432.4	432.7	431.5	431.8
	PLATI	NUM 60 to	roy ez: \$/50	y oz.	
_	_	Close	Previous	High/Low	
_	Feb	618.8	517.A	0	0
	Mar	518.3	0	\$08.0 622.0	508.0 614.0
	Apr	520.3 518.8	517.A 516.4	520.5	515.0
	Oct	520.5	517.4	0.810	515.5
	Apr	621.5 524.5	518.4 521.4	517.5	517,0
	_		oy ez: cent		
_		Close	Previous	High/Low	
_	Feb	883.2	588.5	586.0	551.5
	Mar	587.5	593.5	591.0	585.5 596.5
	May	597.B	808.7	601.0	
	Jul Sep	607.9	614.3	511.0 623.0	608.0 817.0
	Dec	633.1	640.0	637.D	631.0
	Jan	637.1	644.1	0	0 651,3
	Mar	648.1 656.7	665.3 868.1	653.0 5	0
_			(be; cente/		
_	COPP		Previous	High/Low	
		Cicse		145.00	143.50
	Feb Mar	143.95	150.75 147.25	145.20	142.00
	May	132.00	135.80	135.30	132.70
	Jul	127.90	130.80	129.50	127.00
_	Sep	122.90	125.10	123.50	175.50

CRUD	HE COLL (LI)	ht) 42,000 (_ Ch	icag	0	
	Latest	Previous	High/Low					
ler	17.52	17.74	17.84	17.26	97774	REAMS 5	000 by min; o	
K.	17.02 16.78	17.17 16.87	17.08 16.78	16.59	501 R	Close		
	16.58	15.57	16.57	16.43	Mer	760/4	Previous	High/Lo
	16.25 16.20	16.51 18.40	16.38	16.27	May	771/6	754/0 765/2	764/0 775/4
	16.13	16.29	16.20	16.10	Jul	781/2	772/6	783/4
	16.11	18.27	16.11	16.10	Aug	779/0	771/0	780/0
_	16.05	16.25	16.15	16.05	Sep	757/0 740/6	749/4 733/4	758/0 742/0
П	MG CIL 4	2,000 US ga	ille, cente/(JS gelle	Jen	747/0	741/4	748/4
	Letest	Previous	High/Low		Mar	754/0	748/0	765/0
6	5280 5040	5198	5266 5060	5140 4901	SOYA		60,000 lba; c	cents/lb
,	4800	4760	4805.	4670 .		Close	Previous	High/Lc
1	4405	4436 4483	4410	4360 4410	Mar	21,37 21,90	21.35	21.40
2	4445	4613	4020	4620	, Jul	22.43	21.85	22.52
•	4680	4678	4000	4680	AUD	22,81	22.60	22.70
æ	A 16 lone	es;\$/tonnee	,		- Sep Oct	22.77	22.80 22.90	22.63
_	Close	Previous	Harriow	,	Dec	23.35	23.20	23.10
r	1456	1486	1498	1442	- 3m	23.00	23.40	23.40
Y	1417	1448	1486	1415	SOYA	DEAN ME	AL 100 tone;	\$/ton
P	1385 1375	1422	1428 5	1378 5		Close	Previous	High/Le
3	1963	1398	1400	1363	Mer	247.8	248.8	249.0
_	1365	1408	5	5	Aday Jul :	244.9	244.5	245.4
y	1380	1423	5	_5	Aug	242.4	241.5 237.0	243.5 240.1
-		,500fbe; cer		_	Sep :	236.D	234.0	236.0
	Close	Previous	High/Low		Oct .	229.5	225.5	229.5
r	156.01	134.03	136.20	133.80	Jen	. 226.1	224.7	227.0
1	133,36	131.74 129.50	133.40 161.35	131.55 129.75	MAG	5,000 bu	min; cents/6	
	130.25	128,78	130.00	129.00		Close	Previous	
	129.75	128.25 127.50	129.50	129.53	Mar	271/0	271/8	High/Lo
,	125.35	126.00	5	ŏ	May	2714	277/6	279/0
1A	R WORLD	"11" 112,0	00 lbs; cen	te/Ros	Sep	211/6	262/0	283/2
-	Close	Previous	High/Low		Dec	272/4	273/4	275/2
	9.75	9.67	9.85	9.56	Mair	276/6	278/2	279/4
	9.77	9.69	9.59	0.68 9.62	WHEA		min: center(out dust
	9.65	9.86	9.78	9.62	-	Closs	Previous	High/Lo
	9.20	9,39	5	5	Mar May	437/2	440/4	443/0
	9.30	9.60	9.52	9.45 5	-jezi	408/0	434/2	437/2
	ON 50.000	conts/lbs			- Sap Dec	414/0	408/4	410/4 415/0
_	Close	Previous	High/Los		- Mar	424/4	420/0	425/0
	69.66	80.40	80.45	59.37			Old lbs; cen	420/4
,	59,98	60.63	60.70	50.60		Close		
	69.62 68.65	60.53 59.40	60.60	59.58 58.70	Feb	74,35	Previous	High/Lo
,	58.40	59.10	59.00	58.30	Apr	78.22	73,40 7487	74.50
•	58.40	58.88	0	0	Jun	75.35	7430	76.25 75.50
AN	IĞE JURCE	15,000 lbe	centritie		- Aug Sep	72.70 72.00	72.60	73.10
_	Close	Previous	High/Low		Oct	71,70	71.50 71.15	72.00
7	141.90	130.75	142.75	140.00	- Dec	72,60	72.50	. 72.20 73.10
	158.65	133.65	130.65	137.00	LIVE	0,08 800	00 lb; com/	ba
Y	138.65	133.05	138.85	137.65		Close	Previous	
y	132 32	133,25 130,60	138.25 136.20	136.00 133.60	Feb	42.60		Highlo
9	135.60	130,000		183,00	Apr	42.85	42.32	42.75
9	135.60 134.90	130.00	133.00		JUN	47.35	46.65	47.42
9 9 0 1	135.60 134.90 134.75	130.00	134.00	194.00				
9	135.60 134.90	130.00			Jul	47.52	47.36	47.78
2	135.60 134.90 134.75	130.00	134.00	194.00	Jul Aug Oct	47.52 46.55 43.65	46.62	47.10
*	135.60 134.90 134.75	130.00	134.00	194.00	Jul Aug Oct Dag	46.55 43.65 45.72		47.10 14.13
y Try	135.60 134.90 134.75 134.75	130.00 130.00 130.00	134.00	194,00	Aug Oct Dec	46.55 43.65 45.72 46.40	46.62 43.58 45.52 46.50	47.10 14.13 45.60
P	135.60 134.90 134.75 134.75	130.00 130.00 130.00	134.00	194,00	Aug Oct Dec	46.55 43.65 45.72 46.40 BELLIES	46.62 43.55 46.52 46.50 40,000 lbs; o	47.10 14.13 45.60
P	135.60 134.90 134.75 134.75	130.00 130.00 130.00	134.00° 0 Der 16 1931	194,00	Jul Aug Oct Dec Feb PORK	46.55 43.65 45.72 46.40 BELLIES Close	46.62 43.58 45.52 46.50	47.10 14.13 45.60
y P	135.60 134.90 134.75 134.75	130.00 130.00 130.00	134.00° 0 Der 16 1931	194,00 0 = 100) b yr ago	Jul Aug Oct Dec Feb PORK	46.55 43.65 45.72 46.40 BELLIES Close 38.75	46.62 43.55 45.52 46.50 40,000 lbe; c Provious 38.60	47.10 14.13 45.60 4.80
Di	135.60 134.90 134.75 134.75 134.75 TERS (Bar Jan 2)	130.00 130.00 130.00 130.00 130.00 130.00	134.00° 0 Der 16 1931 meth age	194.00 0 = 100) 5 yr ago 1759.5	Jul Aug Oct Dec Feb PORK Feb Mar May	46.55 43.65 45.72 46.40 BELLIES Close	46.62 43.55 45.52 46.50 40,000 lbs; c Provious 38.60 59.47	47.10 14.13 15.60 4.80 entalls High/Lo 39.23 40.16
× 51	135.60 134.90 134.75 134.75 134.75 TERS (Bas Jan 23 1963.1	130.00 130.00 130.00 130.00 130.00 130.00	134.00° 0 0 0 0 1974.0 1974.0	194.00 0 194.00 195.5 195.5	Jul Aug Oct Dec Feb PORK Feb Mar May Jul	46.65 43.65 45.72 46.40 BELLIES Close 38.75 39.62 41.30 42.60	46.62 43.55 45.52 46.50 40,000 lbs: c Provious 38.80 59.47 41.30 42.47	47.10 14.13 45.60 4.80 High/Lo 39.25 40.16 41.70
× × ×	135.60 134.90 134.75 134.75 134.75 TERS (Bar Jan 2)	130.00 130.00 130.00 130.00 130.00 130.00 130.00 130.00	134.00° 0 Der 16 1931 meth age	194.00 0 = 100) 5 yr ago 1759.5	Jul Aug Oct Dec Feb PORK Feb Mar May	46.55 43.65 45.72 46.40 BELLES Close 38.75 39.62 41.30	46.62 43.55 45.52 46.50 Previous 38.80 59.47 41.30	47.10 14.13 15.60 4.80 entalls High/Lo 39.23 40.16

LONDON STOCK EXCHANGE

Renewed buying drives equities ahead

THE UK equity market surprised even its own pundits yesterday by continuing its onward surge in heavy trading. At one time, the FT-SE Index climbed above the level last seen at the close of the first day of the October 1987 Crash, but it was cut back sharply towards the close when Wall Street lost its shine in early

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There were signs of strain in the market as the UK institu-tions, brushing aside sugges-tions from some quarters that share prices were due for a rest, pressed in to buy the blue chips from market makers who have been short of stock for more than a week. The excite-

	, . •	
		
	nt Dealing	Peter
That Dealings: Jan 16	Jan 30	Feb 13
Option Declared Jen 25	Feb S	Peb 23
Last Desitogs: Jan 27	Feb 10	Feb 24
Account Days Fb 6	Feb 20	Mar 6
Now then deal	ings may lake days o	piace trees

ment was fuelled by a fresh advance in the FT-SE futures contract, which traded on the London International Financial Futures Exchange at a premium of around 50 points for most of the session, closing at a premium of 37-40 points after record post-Crash turnover. The Footsie future closed on

Friday with a 27 point pre-mium, and has been leading the equity market throughout its recent upswing.
The FT-SE Index itself closed

a further 37 points up at 20429, still some way short of the 23019 close on the eve of the 1987 Crash; but the Footsie touched 2072.7 yesterday, bit-ing into Black Monday's 250 point loss. Seaq trading volume of 1.1bn shares at 5.00pm was running close behind previous record levels recorded on Fri-

The first half of the session was marked by heavy buying day.
It was all a bit of a surprise of such heavyweight issues as British Steel (69m shares traded), British Telecom (15m) and British Gas (13m). Some of for us", confessed one trader.
"The feature was the phenomenal turnover in the Footsie the more spectacular gains

The market opened quietly as the new trading Account got under way. Wall Street's powwere scored by Glaxo, Beacham and ICI, but these were trimmed sharply when the market reacted to Wall Street's erful performance on Friday was offset by warnings from the UK weekend press that unexciting opening. London equities might boil over this week. However, shortly after the first calculation of the FT-SE Index. UK

Although most of yesterday's buying came from domestic institutions, there were hopeful references from traders with long memories to an impending "wall of money from Japan". Such comments were not taken too seriously by international traders, however, who said that the UK institutions were following a lead given some weeks ago by fund managers from Continental Europe who saw London as cheap against the German and

French equity sectors.

report suggesting the price was top-heavy did some of the dam-

age, said dealers, while the stores team at Swiss Bank Stockbroking has advised cli-

ents to take profits in the stock

following the recent good run.

W H Smith were keenly
bought as the "A" shares
closed 13 better at 279p.
Interim results are due on Fri-

day, and the market range is

Those which went against

the wider market trend included Dixons, down 5 at

155p, Next, down 2 at 150p, and Ward White, 8 easier at 246p.

Etam managed a 2-point rise to 248p in the face of a downgrade from BZW, which has reduced

its profits forecast for this year to £16m and changed its recom-mendation to a "sell".

British Telecom leapt to

293%p before closing a net 9

higher at 290p on turnover of 15m with dealers reporting

heavy buying of the stock - by

institutions and small inves-tors- throughout the session.

The FT-SE weighting towards

the biggest issues, of which

Talecom is obviously one,

means that performance funds

cannot afford to be under-weight in this stock, as with other major alphas," said one

analyst.
Amstrad, on the other hand,

were caught in a two-way pull,

with worries about delays in manufacturing the satellite

dishes for Sky offset by the lat-

est strong performance by equities. Ferranti also under-

from £30m to £34m.

FINANCIAL TIMES STOCK INDICES 24 Ago 26 91,43 66.18 127.4 (18/4/88) (14/12/85) (9/1/35) 88.57 88.78 88.30 86.53 49 18 98.67 94.14 105.4 50.53 (25/5/88) (8/1/88) (28/11/47) (3/1/75) 1691.2 1349.0 1926.2 49.4 (30/1/69) (8/2/86) (16/7/67) (26/6/40 312.5 160.7 754.7 43.5 (7/1/88) (3/1/89) (15/2/83) (26/10/71) Ord. Dl. Yleid
Earning Yld %(full)
P/E Ratio(Net)(½)
SEAC Bargaina(5pm)
Equity Turnover(tm)†
Equity Bargains†
Shares Traded (mi)† 4.64 11.05 10.37 39,241 1946.92 41,020 718.9 4.64 11.86 10.36 31,542 1327.86 36,022 564.7 4.38 11.06 11.06 27,907 906.25 38,935 361.5 O S.E. ACTIVITY 4.40 11.23 10.81 50,982 4.60 11.50 10.55 33,773 131.3 2229.66 52,767 899.2 Gift Edges companie
Equity Value
5 - Day average
Gift Edged Bargains
Equity Bargains
Equity Value Ordinary Share Index, Hearly changes Opming 010 am. 017 am. 012 pm. 01 am. 02 pm. 1647.5 1888.7 1888.8 1888.4 48814 48814 DAY'S HIGH 1891.2 DAY'S LOW 1847.5 Sasis 100 Govt. Secs 16/10/26, Fixed Int. 1928, Ordinary 1/7/25, Gold Mines 12/9/65, SE Activity 1974, 1748 10.89 (Excluding In

Ultramar mystery deepens

Ultramar, the UK independent oil and gas group, settled a couple of pence harder at 310p on a sharply increased turnover of lim shares, after the company said it would strongly resist any bid pro-posal which did not fully reflect the value of its assets and prospects."
Ultramar shares have been

strong performers over the past two months since a con-sortium made up of two Canadian companies, Unigesco and Noverco, and Banque Paribas revealed that together they controlled a near 427 per cent stake in Ultramar.

The statement from Ultramar said it was aware that the three companies had been trying to put together a consor-tium to hid for Ultramar but that it already had an effective strategy for the development of its core businesses

Oil analysis said the Ultramar story "lias a long way to go yet," There was talk in the market yesterday that there could well be another stakebuilder, as yet unrevealed, in Ultramar shares, other than companies and the 14 per cent holding of Sir Ron Brierley.

Doubts over Century Shares of Century Oils, the Stoke-on-Trent-based lubri-cants group, climbed to 218p at one point, before slipping back to end an extremely active session a net 13 higher at 213p. with the late decline said to have reflected doubts over the? chances of a full bid for Cen-

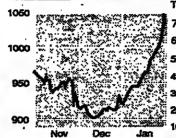
Dealers said the stock had extended its recent strong per-formance - which began well fore Christman - amid talk of further stake-building activity as a vielude to a full bid for the company. Speculation in the weekend Press suggested that America's Exxon has been involved in stake-building over the past couple of months and could well be interested in

250p a share for Century.
Soma hefty selling two
weeks ago saw a near 3 per
cent holding in Century
change hands above the then ruling market price. It was revealed later that the share stake came from oil group Kelt, which inherited a near 5 per cent holding in Century when

group.

But analysts were taking the view yesterday that the bid stories were wide of the mark and

FT-A All-Share Index



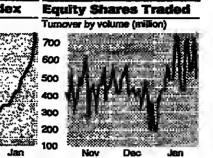
was enabling Kelt to sell the rest of its stake at advanta-geous prices. Analysts say that Keit is known to be keen to sell its stake and is also thought to be hoping to sell various assets to reduce debts incurred in fin-ancing the Carless takeover. "Century reports preliminary figures in June and their profits are not steaming ahead; quite simply they won't sup-port a share price giving a mul-tiple of nineteen times."

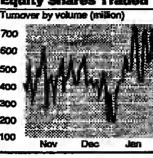
BOC supported

One of the day's strongest the industrial gases group, as two leading securities houses recommended the shares ahead of Friday's announcement of first quarter trading results. Both Nomura Research and Barclays de Zoete Wedd (BZW) expect the first three months to point the way for an 11 per cent gain in profits to around £335m pre-tax for the year to September 1989.

BZW sees a 12 per cent gain in the first quarter, after which it believes that the group's health care side will show accelerated growth. Nomura, predicting 15 per cent profits growth in the first three months, adds that BOC is "better placed than most" to meet a slower growing economy. The shares pushed through to a new twelve month high at first but slipped back later to close a net 12 higher at 486p, on turnover of 3.1m shares. Since the turn of the year. shares have gained around 5 Benson jumped 8 to 323p.

Equity Shares Traded





liminary figures from the big four looming up, you just have to go with the overall trend," said a dealer in the sector. Lloyds were yesterday's best performer in the banks, adding 18 at 373p on turnover of around 6m, with the shares

"the recent underperformer in the class." NatWest, "looking good and with a first-class yield." according to the same researcher, picked up 16 at 591p on turnover of 3.4m. Mid-land were a relatively sedate performer, settling 10 firmer at 469p on a moderate turnover of 2.2m. Barclays suffered from ance of the sector and subsequent switching moves and closed a net 7 higher at 472p; here some 4.4m shares changed Dealers reported yet another

day of keen support for Standard Chartered shares which put on 10 more to 560p with activity in the stock picking up again to 2.7m shares, well above normal levels.

The re-structuring announced last week kept interest bubbling in TSB, which jumped 4% more to

The latest burst of activity across the broad spectrum of London's equity sectors gave a major boost to the merchant banks with securities, trading operations. In this list SG Warburg, acknowledged to command a premium among the marketmaking fraternity, rose 17 to 3350 while Kleiny

The banks were not left behind in the general scramble for shares — "with the market behind in the general scramble behind i looking like it is, and with pre-ker Winterflood Securities, and

NEW HIGHS AND LOWS FOR 1988/89

NEW FROM (20th, BRITISH FUNDS (1) Times, 2½pu 74, AMERICANS (14) CAMADAME 23 RANGS (11) BRUNCHS (3) FAR S.T.A. Groene (ing, Guiness Si un On PL, BURDSOS (11) CHENGCALS (14) ENGRESSING (16) PLOCES (4) EXCERICALS (14) ENGRESSING (16) POODS (4) HOTELS (1) Friendly Hotels, BURDSTRALS (02) AGA AB, AIM, Alfied Part, BET, BTR Mylex, Berry Webmiller, Bezuw, Chieblant, Christies Int. Cooper (A.), Cosell, Develongroup, ES, Electrolog, Embart, Europopy, Eucalbur Jewsofery. (A.), Cosell, Daveongroup, ES, Electrolize, Erwharf, Eurocopy, Eksellbur Jewettery, Peacer (J.H.), Gesteiner, Grafton, Grampis Höga, Hameon 5.75pc Ce. Pt., Hawstorn Lealle, Hatch Whong, Jardine Hög, Jerdin Strategic, Korchew (A.), Lep, Lilleshed, Marling Ind., Mehdille, Nastor-SNA, PCT, Pacific Dunion, Porter Chadburn, RCO, Radiars Motal, Report Höga, Scapa, Sec Serves, Servo, Siebe, Silestnight, Skotair

Pac 'A', Transport Dav, Unligver NIV, Witsman, Roeve, Wilsos Lil, Wolssley, MSSURANCE (1) Area; Infl. Grp., LESSINE (16) BOTORS (7) Con. Motors, REWIRANESS (9) Bennooe, UK Proer, WPP, PROPERTY (7) SHEPPING (2) C.S.L., Moraey Oock Units, Tiphook, TEXTELS (2) Lister, Paima, TRUSTS (12) ORS (3) Novak Hydro, Royal Distrib, Sistolens, O'MERSEAS, STADDISS (2) Antongasta, Since Darby,

which added 15 at 505p. Gerrard & National and Cater Allen edged up 5 apiece at 292p

institutional buyers appeared and substantial gains were

swiftly chalked up by leading

and 360p. respectively.

The insurance sectors drew persistent and strong support throughout the day. The hig winners in lifes were Prudential, where dealers noted plenty of buying from small investors; the shares raced up 7% to 180%p on turnover of 7.7m shares. Composites improved across

the board with the notable exception of so-called bid tar-get Commercial Union, which came off to close 3 easier at 388p following the emergence of a sustained seller via the inter dealer broker screens in mid-morning. The John Spal-vins-run Adsteam recently announced it had increased its holding in CU to just over 8 per

GRE jumped 5 to 211p, General Accident 19 to 945p and Royals 7 to 434p. Sun Alliance

leapt 24 to 1113p.
Glaxo turned in an exceptionally strong performance as traders took the view that the pharmaceutical stocks will again, as in the bull market which followed Big Bang in London, prove the most popular sector with international fund managers. The price increase granted recently to Glaxo's Zantac drug in US markets, although old hat to analysts, was put forward as an encouraging factor.

The shares soared above £12 at mid-session but slipped back when Wall Street opaned slowly, to close a net 24 up at 1194p. Turnover of 5.1m shares was significantly above recent

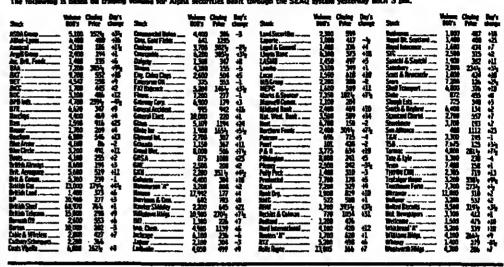
ICI, finally 6 better at 1139p, had similar fortune, as did BAT Industries, 18 higher at 552p. However, less interest was shown in Unilever which had featured the sector last week, and at a close of 537p the shares were only 2p higher. The news that March Brent crude prices had dipped below

\$16 a barrel did little to stifle another firm showing by oil BP moved up ahead of today's egan at which the company is not expected to encounter any major opposition to the buy-back of some £2.4bn worth of BP stock purchased by the KiO after the 1987 Government share sale. BP old edged up 5 to 277p on turnover of 11m while the new were 41/2 harder

at 173p on 8.4m.
Shell gave a powerful performance, closing 10 higher at 376p on turnover of 8.8m. British Gas. " Lots of small investigations of the control of the contro tors piling into these" said one trader - moved up 4% to 179%p on turnover of 13m with the market awaiting a possible move on Texas Eastern. Burmah jumped 6 to 553p in good

Burton Group was heavily traded among mixed Stores, falling 3 to 202p as a busy 10m

TRADING VOLUME IN MAJOR STOCKS The following is besed on trading volume for Alpha securities dealt through the SEAC system yesterday until 3 pm.



rities house BZW buoyed both manufacturers and retailers. Gateway, the subject of intense speculation in recent weeks that a takeover or management buy-out was immi-nent, dragged its feet a little on the lack of fresh news. Mr David Shriver of County Nat-West WoodMac said stories of a buy-out or bid should be treated sceptically, and his advice to clients is to sell on strength. The shares closed 3 better at 179p. County has taken a more

positive line on Iceland Frozen Foods, a strong performer at 317p, up a net 11 on the ses-

performed the market, dipping 2 to 105p on turnover of 6.3m. Hillsdown were a good mar-ket, adding 7% at 270%p on a Food stocks went firmer strong tip in the morning press, while others on the way up included Northern Foods, tutional demand and news of widespread upratings by secu-

7% better at 309%p, A B Foods, 6 firmer at 329p, and Kwik Save, up 6 at 40ip. There was a "strong possibility" that Kwik Save will face a 450p-a-share bid from Hong Kong group Dairy Farm when its standstill agreement runs out in April, said one broking house. Brewers closed sharply higher as the sector continued

to attract investors ahead of the publication of the MMC investigation into the tied house system

In an exhaustive circular on the UK beer market and the MMC report, securities house Kleinwort Benson suggests that the "tie" between brewers and their pubs will not be bro-ken by order of the MMC. The best performers in the sector were Bass, up 23 at 916p, Allied Lyons, up 16 at 499p, and Bod-

dingtons, up 10 at 194p. Scottish & Newcastle, with a series of presentations planned this week, gained 10 at 424p. Ladhroke rose 9 to 499p on turnover of over 4m shares.

Poddington, manufacturers of children's foods and products, were placed in the market at 20p by brokers Jacobson Townsley, and enjoyed a good debut as the shares closed at

Activity in traded options reached its highest total since the Crash, at 98,949 contracts, and that in the FT-SE 100 index contract an all-time record of

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 25

APPOINTMENTS

Chairman of Sharpe Con February 1 Mr Charles

Fisher will succeed Mr Roy Stringer as chairman of the FISHER. Mr Fisher will retain his responsibilities as group chief executive. Mr He Shouler, a non-executive-director of the Sharpe and Fisher Group, will be appointed a non-executive deputy chairman from the-same date. Mr Shouler was formatly chief executive of Oldarre Holdings.

Mr Keith Orrell-Jones has become a non-executive director of CONSOLIDATED GOLD FIELDS. He is chief executive of the ARC Group, Gold Fields' wholly owned crushed stone business in the UK and the US.

become finance director of

■ JAMES CROSBY GROUP has appointed Mr Malcolm Powell, a main board director, as managing director of Crosby Homes, a wholly-owned subsidiary.

MOCEAN TRANSPORT & TRADING has made Mr Jeremy Bryan technical director of its environmental management businesses. He joins from Thames Water



Following the retirement of Mr Granville Davis from the ard of ALEXANDRA WORKhas additionally been appointed chairman. Mr Prior was appointed to the board in 1978, became managing director in 1963 and chief executive

appointed to the board of FIXED INCOME RESEARCH MANAGEMENT as a Young Investment

■ HOGG ROBINSON & GARDINER MOUNTAIN



where he was responsible for project management and the overseas consultancy dealing with pollution control.

Mr David Grenier has been non-executive director. He is an executive director of Taylor

INSURANCE BROKERS has

division. Mr D.G.T. Adams, Mr A.R. McKelvey, Mr A.C. Pitt and Mr P.J. Walpole have been appointed executive directors. Mr D.D. Cole, Mr A.J.H. Dunn, Mr J.P.C. Stark, Mr P.C. Teuten, Mr E.A.K. Turbett, Mr K.V. White and Mr G. Prior have been made

Mr Clive D. Scott has been appointed an executive director of HELICAL BAR. His special responsibilities will remain the acquisition of strategic investments and commercial portfolios to expand the group's asset base.

Mr E.P. Dablin has bee appointed to the board of the LONDON METAL EXCHANGE.

Mr Michael Wacek has joined ST. PAUL MANAGEMENT as actuary.

Mr Michael Cooper-Mitchell, managing director of Sedgwick UK (National) northern region, has been appointed deputy chairman of SKDGWICK UK (NATIONAL).

■ FIRST MORTGAGE SECURITIES has appointed Mr Christopher May as finance director. He joins First Mortgage Securities after a period as an independent financial consultant.

housewares company RUSSELL HOBBS TOWER has appointed Mr Edward Cory as managing director. He joins

holding company half-owned by Allied-Lyons and Whitbread, where he was managing director.

from European Cellars, a

■ Following the forthcoming retirement of Mr Robert Minkin, Mr David Hamilton will become group design director of WEDGWOOD GROUP, Mr Hamilton. sor of ceramics at the Royal College of Art, will take up his post on July 1.

JOHN MOWLEM AND CO
has appointed Mr Lister A.
Fielding as managing director
of its hire services subsidiary HSS Hire Group. He was previously managing director of Pronuptia-Youngs.

Correction Changes at J. Lyons

 Sir Alex Alexander steps down as chairman and chief executive of J. Lyons on March chairman and chief executive of Allied-Lyons, then takes on the additional role of chairman of J. Lyons, succeeding Sir Alex Sir Alex remains a director

and deputy chairman of Allied-Lyons until July 6, when be retires from the board. He will remain an executive of Allied-Lyons until July 31. In March he will become a part-time executive of Shearson Lehman Hutton,

confusion caused by our recent

We apologise for any

report.

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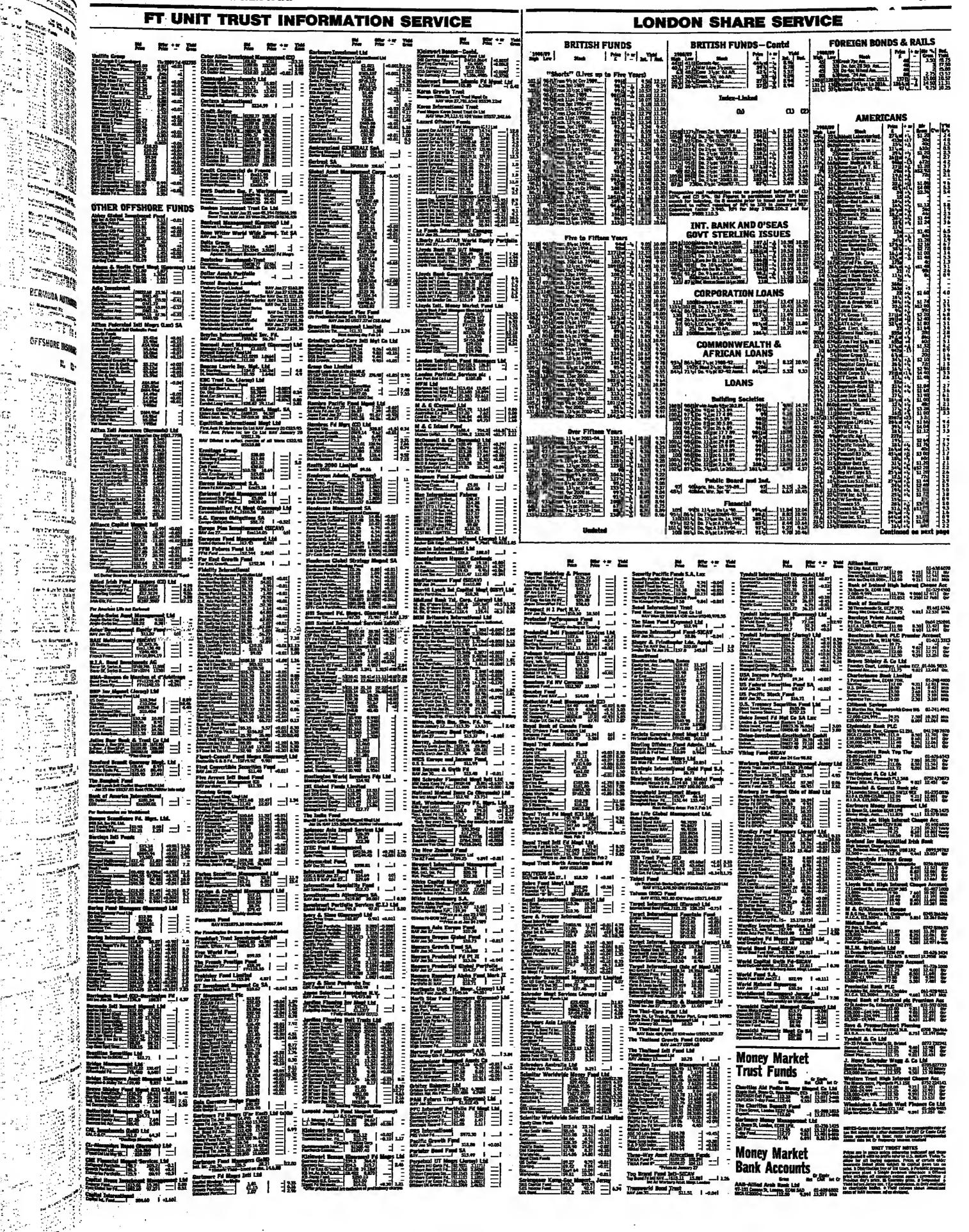
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TO THE STORY STANGARY II.



FINANCIAL TIMES TUESDAY JANUARY 31 1989

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen attracts attention

get deficit.

ATTENTION TURNED towards the dollar's value against the yen yesterday, after a period when the foreign exchanges have focused much more on the D-Mark than the Japanese currency. A rise above Y130.00, for the first time since October 12, produced comments from officials in Tokyo, but no action from the Bank of Japan. Mr Tatsuo Murayama, Japanese Finance Minister, said future exchange rate movements should be

watched very carefully. Dealers in Tokyo suggested Y132.00 and DM1.8800 as a short term targets. But after making an upward run in the Far East the dollar was pulled back by profit taking in Europe. Underlying sentiment suggested there was no reason to believe the trend towards a stronger dollar has been broken however.

Dealers said that recent coordinated intervention by central banks has not been strong enough to dissuade the market from buying dollars. It has sim-ply provided an opportunity to purchase the dollar relatively cheaply, and then take profits as the currency appreciates. Strong US economic growth is encouraging the view that US interest rates will remain high, while the dollar is also gaining background support from optimism that President

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	PIEH			
			Jan. 30	Previous
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10.00	##		äi	98.1
Mona			98.1	98.1
2.00	(Pig	[98.2	98.1

Latest

... 17620-17630 1.7595-1.7600

CURRENCY RATES Special* Drawing Rights Plank rate % 0.636066 1.11725 1.32338 14.6918 43.7236 8.10780 2.08025 2.35740 7.09901 1527.29 7.53418 129.344 7.08895 1.77531 173.174 0.780530 0.744597 1.31667 1.56355 17,1417 51.0407 9.45435 2.43821 2.75184 8.29173 1.764.21 1.69.455 9.17061 151.039 8.28646 2.07112 N/A

3.00 pm 98.2 98.1 4.00 pm 98.2 98.1

CURRENCY MOVEMENTS 139 -112 -96 -55 -179 +172 +125 -208

OTHER CURRENCIES | Section | Sect

MONEY MARKETS

Longer rates easier

shortage of around 2600m, and tha Bank gave assistance in

the morning of \$254m through outright purchases of £10m of local authority bills and £45m of eligible bank bills in band 1, and in band 2 £101m of eligible

bank bills. In band 3 it bought £77m and in band 4 £21m, all at

Further assistance in the

afternoon came to £93m and was made up of outright purchases of £19m of eligible bank bills in band 1, £25m in band 2, £22m in band 3 and £27m in band 4, all at unchanged rates. Late help came to £315m, making a total of £662m.

ing a total of £662m. Short-term interest rates

rose sharply in Frankfurt as funds were drained by pension payments. The shortage was

payments. The shortage was exacerbated by the purchase of short-term Treasury bills on Friday by commercial banks. The decision to buy these bills (which assure a fixed yield of 4.5 per cent) reflected the sharp decline in call money, meaning that banks were able to secure a greater return by holding

a greater return hy holding

However, yesterday's pen-sion payments and a last min-ute scramble to meet end of

month minimum reserve

requirements with the Bundes-bank left banks holding low liquidity levels and a large holding in Government paper. As a result, the cost of

short-term money rose to 5.6

p.c. from 4.4 p.c. on Friday.

Treasury bills.

unchanged rates.

LONGER TERM rates continued to show a softer bias in the London money market yesterday. The strength of sterling and a smaller than expec-ted December trade deficit have reinforced the view that bank base rates will be reduced later this year, and one-year interbank money fell to 121-121 per cent from 12%-12% per cent on Friday.

However, the short-term pic ture is not guite as clear, and

three-month interbank money UK charing bank base leading rate

13 per cent treen November 25 was barely changed at 18-12#

per cent from 134-124 per cent.

Overnight money touched a high of 13% per cent before slipping back to around 12 per The Bank of England fore-

cast a shortage of around £550m, with factors affecting the market, including bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining 2683m. Unwinding sale and repurchase agreements accounted for a further £556m, while banks brought forward balances £35m below target. These were partly offset by Exchequer transactions which added 2250m and a fall in the note circulation of £450m.

The forecast was revised to a

US employment data. The unemployment rate is expected

Bush will reduce the US bud-

The main indication on the

economy this week is likely to come from Friday's January to remain at 5.3 per cent, but a fall to 5.2 per cent is not ruled out. The rise in non-farm payrolls is put at around 255,000, according to economists, compared with 279,000 in December 19,000 in Decemb ber. Yesterday's figures on December US personal income and consumption were of relatively minor importance. Both rose 0.9 per cent, against forecasts of 0.7 per cent, underlying the strength of the econ-

After failing to sustain early gains the dollar closed near the day's lows, but held above support levels of Y129.30 and DM1.8880. It fell to DM1.8885 from DM1.8625; to SFr1.5790 from SFr1.5865; and to FFr6.3200 from FFr6.3350, but rose to Y129.30 from Y129.15. The dollar's index, on Bank of

England figures, rose to 67.4 from 67.3. The peak reached against the D-Mark was DM1.8700, where trading lacked the

momentum to push higher, with central banks hovering in the background. There was no sign of central bank intervention on the open market, but the West German Bundesbank reminded the market of its presence by selling \$14.4m at the Frankfurt fixing. Bettar than expected UK trade figures last Friday pro-vidad a favourable base for

sterling yesterday. The pound gained 35 points to \$1.7625 and rose to Y228.00 from Y227.25. In early London trading ster-ling was pulled higher against European currencies by a firm dollar, rising above DM3 2800, but as the dollar retreated, the pound fell back to finish unchanged at DM3.2750. Ster-ling eased to SFr2.7825 from SFr2.7900 and to FFr11.1400 from FFr11_1425. The pound's

EMS B	UROPE	an curi	SENCY I	UNIT RAT	ES
	Eco central rates	Cerrency amounts against Eco Jan.30	% change from cestral rate	% change adjusted for divergence	Divergence Coatt %
te Franc k Krone en D-Mark h Franc Guilder unt	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43.7236 8.10788 2.08825 7.04901 2.35740 0.780530 1527.28	+2 98 +1 26 +1 44 +1 82 +1 64 +1 58 +2 95	+087 +1-15 +067 +047 +043 +1-182	±1.5444 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752

an.30	Day's	Close	Que month	* 1	Three	% pa
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DOLLAR SPOT- FORWARD AGAINST THE DOLLAR Jan. 30 17530 - 17630 1.7530 - 1.7630 1.2955 - 1.4975 1.1800 - 1.1860 2.0965 - 2.1110 38.95 - 37.15 7.23 - 7.25 1.8765 - 1.8760 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865 1.52 - 1.5865

	URO-CL	JRRENG	ET INT	PREST	RATES	
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		E)	CH	HGE	CRO) 55 1	RATE	\$		
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F Fr. S Fr.	0.898 0.357	0.633	2940 1177	204.7 81.95	10. 4.003	2.4%	1330	2152 8613	1.868	61.6 24.6
N FL Lisa	0.270 0.417	0.7%	0.885	61.62 95.12	3.011 4.647	0.752 1.161	1544	647.8 1000.	0.562	18.57
C S S Ft.	0.481	0.847	1574	109.6	5.353 16.23	1.337	1.778	1152	3.031	32.99

MA STEMLING So per S. 17512. 17576 17580 Yen per 1,000; French Fr. per 10: Lira per 1,000; Belgian Fr. per 100,

bid 914 offer 914 et one-shameth, of the bid and offered rates for \$10m ach working day. The banks are Retional Westerbater Parts and Morgan Searchy Trask.

NEW YORK		Treasury Bills and Bonds					
(4pm) Prime rate 10½ Broker loss rate 9½ Fed funds 1 intervention 9½		One mouth Two econts Three mouth Sir mouth One year		8.07 Three year 9 8.39 Four year 9 8.59 Five year 9 8.85 Seven year 9 9.00 10-year 8 9.12 30-year 8			
Jan.30	Overalgia	Care	Two	Three Mouths	Sta Months	Lombard	
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LONDON MONEY RATES								
Jan.31	Overnight	7 days notice	One Month	Three Months	Six Months	Que Year		
sterbank Offer Interbank Bld Sprring CDs. Dead Anthority Deps. Dead Anthority Deps. Dead Anthority Bonds Assourt Mit Deps. Deposits Insaces Heems Deposits Treasury Bills (Buy) Sank Bills (Buy)	131, 12 13 127,	131 121 131 125	13122	13 121 121 121 121 131 121 121	124	125 125 125 121 121 121		
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Treasury Bills (sell): one-month 1235 per cent; three months 123 per cent; Bank Bills (sell): one-month 1238 per cent; three months 123 per cent; Treasury Bills; Average tender rate of discount 123125 p.c. ECGS Fixed Rate Starling Export Finance. Nake up day January 31, 1989. Agreed rates for period February 25,1989 to March 25, 1989, Scheme I: 13,99 p.c., Scheme II: 33,99 p.c., Scheme II: 33,99 p.c., Scheme IV.43: 13,171 p.c. Local Authority and Finance House, series days' notice, others seven days' fixed. Finance House Base Rate 13 from January 1, 1989. Bank Deposit Rates for series at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit Etto,000 and over held under one months 19 per cent; one-twelve months 11 per cent; three-six months 11 per cent; self-alter months 11 per cent; three-six months 11 per cent th

FINANCIAL FUTURES

Bullish tone runs out of steam

STERLING BASED financial futures finished towards the day's lows in Liffe trading yestarday as the euphoria generated by the lower than expected December trade deficit wore thin. Three-month short sterling for March delivery is now just five ticks above the level prior to the release of the trade data.

The sharp improvement on Calls-10 1837 331 59

index rose 0.1 to 98.2.

25 238 LIFFE S/3 OPTIONS 625,666 (costs per SI)

Estimated volume total, Calls O Pers & Previous day's open let. Calls 162 Puts 3750

PHILADELPHIA SE E/S SPTECKS E31,250 tends per Eli Feb 108 2.59 4.03 6.76 9.20 11.63 14.17 14r 4r 1r 239 253 5.25 3.91 1.00 6.52 5.64 6.69 8.32 7.69 8.60 10.09 9.93 10.67 12.00 12.22 12.82 14.04 14.67 - 16.18 LONDON (LIFFE)

26-YEAR 5% NOTEGRAL GILT ESU,000 3206 of 100% Estimated Volume 16406 (32789) Previous day's open lot, 30791 (29685) Close 1965 Low Prev. 106.98 106.98 106.82 106.95 106.05

210.10 211.50 204.50 204.10 213.15 Estimated Volume 9925 (5640) Praylons day's open led, 15436 (15190) THREE MONTH EURODOLLAR Est. Vol. Car., figs. aut should 4887 (10439) Province day's upon lat. 45677 (46021)

91-19 91-02 Estimated Volume 4905 (72%) Previous day's cases lot, 11574 (11972) 6% NOTENAL GERMAN GOVT. 2000 DM 250,000 1800m of 100% Close High 94.84 94.86 94.87 94.30 93.54 93.70 94.62 95.00 94.65 94.65 93.70 93.94

Extinated Volume 12649 (VIAT) Previous day's open int. 18245 (17848) PRINCES OF THE THE PURPOSE 1-mil 3-mil 6-mil 12-mil 17576 17479 17366 17210 17625 178 178

FT LONDON INTERBANK FIXING C11.00 a.m. Jan.300 3 months US dollars 6 months US Dollars

Friday was generally regarded level of 87.46 to close at 87.35 as being overdone. In the main, investors and analysts alike down from 87.48 on Friday. Volume yesterday of just over are not looking for a reduction 13,000 lots traded is down from the levels touched towards the end of last week when values in bank hase rates before the UK Budget in March, and Friday's closing level - which dis-counted a half point cut were pushed firmer. Accordingly, there are still a number of investors holding long posi-tions, and short sterling may proved to be unsustainable.

well suffer another shakeout to

\$288355A

test support at 87.28.

LIFFE SHORT STEELING

Consequently, the March contract fell from an opening

LIFFE US TREASURY BOND PUTURES OFFICIAL 年12条の公式のです

LIFFE DIRECTOR AR OFTENS

729 729 729 729 729 729 729 729 729 729 Agr Jun 1250 8.60 4.20 5.50 2.45 3.20 0.80 1.90 2.20 0.60

80.14 91.68 91.72 91.69 91.73 91.74 91.67 91.65 91.65

SWISS FRANC (MAIO SF: 125,000 \$ per SF:

EUROPEAN OPTIONS EXCHANGE

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9.50 6.50 4.10 5.50 B-Bid C-Call BASE LENDING RATES

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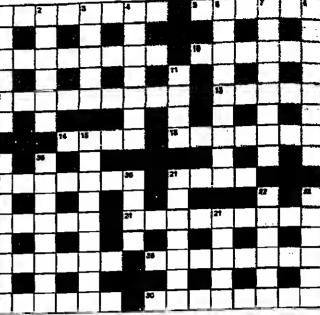
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Business Mitge Tst

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CROSSWORD

No.6,848 Set by VIXEN



ACROSS 1 After a church service the elderly created friction (8) 5 Innate ability to make

13 Don't claim a view should be changed (5)

14 The sovereign had a meal delayed (4)

15 About to follow because honest (7)

19 Giving badly behaved dog a run on the beach (7)

21 City way to get into tin (4)

In gratitude maybe present a medal when it's subdued 25 Shut up about English class

27 Mean though trendy minister (6) 28 If properly cooked, eat green produce (8)
29 Slip back into the gun room

and so get through (9)

(6) 30 21 down is the attraction (8) DOWN 1 Hideous female with a stony

stare (6)
2 Dog show entry made by a dunderhead (6)
3 A missile – for war or oth-

4 The current recession (3-4) 6 Law on lacemaker's quota

(9) 7 At one time a collier inspector (8) 8 Found something to laugh at in rows about certain races (8)

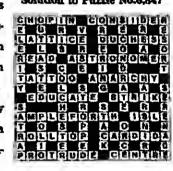
11 Reports presenting all the main points (4) 15 A trip to get cake in plenty

(9) 17 Covering many a worker and swimmer (8)

18 A helper in the theatre must be comparatively smart (8) 20 Drugs found in sap (4)

21 30 across business (7) 22 Manaeuvring RAF ace showing bottle (6) 23 Leave the area with a shortage of water (6)
26 A topic for inclusion in the meeting's agenda (5)

Solution to Puzzle No.6,847



JOTTER PAD

FORM OF ADVERTISEMENT

PERMANENT VENTRATION FANS AND ASSOCIATED EQUIPMENT FOR THE CHANNEL TUNNEL PROJECT

NAME AND ADDRESS OF AUTHORITY AWARDING TRANSLINK JOINT VENTURE from UK and or OIE TRANSMANCHE CONSTRUCTION from France.

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AWARD PROCEDURES Restricted tendering

SUPPLY

a) Channel Tunnel Sites in UK and in France.
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c) Successful companies will be given the opportunity to tender for the full scope of both the UK and the French work packages.

DELIVERY Contract award end of 1989, delivery during 1991 for completion carty 1993. SPECIFIC LEGAL FORM

in the event of a group being awarded the contract(s) each member of the group will be required to become jointly and severally responsible for the performance of the contract(s) in specific legal form. a) FINAL DATE OF THE RECEIPT OF REQUESTS TO PARTICIPATE 15th March 1989 b) ADDRESS TO WHICH TO BE SENT

As in I, for the attention of Mr. M.G. Rylance, Transpel LANGUAGE

FINAL DATE FOR THE DESPATCH OF INVITATION OF TENDER May 1989. INFORMATION CONCERNING SUFFLITES' FINANCIAL STANDING AND

TECHNICAL COMPETENCE Details of manufacturers financial standing, technical and manufacturing resonantiation capability and relevant previous experience will be required to see to the proqualification questionappie indicated hereafter.

AWARD CRITERIA Criteria will be stips
OTHER INFORMATION Specialists in this field are invited to seek pre-packages. The proqualification document will con-information about the scope of the work.

For more details call Mr F.H. Bulloy. Mechanical Project number (01) 770-2770 in Sutton, England. II. DATE OF DESPATCH

25th January 1989

INTERVENTION BOARD FOR AGRICLUTURAL PRODUCE INVITATION TO TENDER

ply of
1) 20,000 tonnes of soft wheat to
Bengledesh Beogledesh 2) 5000 Tonnes of soft wheat for Pakistan

For delivery on FOS, showed and trimmed series to an EEC port. Leading shall commence no earlier than the 27th February 1809 and no lear than the 13th March 1869 for 14 days.

The price for the Supply and Transpor-tation costs of the not wheat for the above Tenders will be determined on examination of the tenders which must be submitted by NOON on the 13th February 1988 btt. Crops & (persals) intervention Speri

Till. Reading (0754) \$83828 EXT 2911

CLUBS

RATE NOTES 1994
The interest rate applicable to the above Notes in respect of the interest period commencing 31st January 1969 will be 1094/8 for income 1969 will be 1094/8 for income 1969 will be interest amounting to US \$259.24 per US \$2,000 principal amount of the Notes and to US \$218.49 per US \$10,000 principal amount of the Notes will be paid on 31st July 1969 against presentation of Coupon No.4. BANK LEUMI (UK) PLC Principal Paying Agent bank leumi wuch pas 🚯

COMPANY NOTICE

US \$15 MILLION GUARANTEED PLOATING RATE NOTES 1994

AIP FINANCE N.V.

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EVE has Guillived the others because we policy on fair play and value for money. Support from 10-30 and 10-00 musicians, glamorous hoshesed, eugling Soorahows, 188, Regent St., 81-726 0856

YORK STOCK EXCHANGE COMPOSITE PRICES

| Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared | Compared

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YORK STOCK EXCHANGE COMPOSITE PRICES

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的人,并不是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们也是一个人,我们也是一个人,我们也是一个 一个人,我们就是一个人,我们们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就